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Make Your Mark

KELLY SLATER

Jeff Bezos, Taylor Swift, Jack Dorsey, Kathleen Kennedy & 10 other innovators who shaped our year.

THE GUIDE TO POSTING STUFF ON SOCIAL MEDIA

SPRUCE UP YOUR CONTENT FOR THE NEW YEAR

2016 TRENDS

OUR ANNUAL FORECAST
(sunny with a chance of Cuba)

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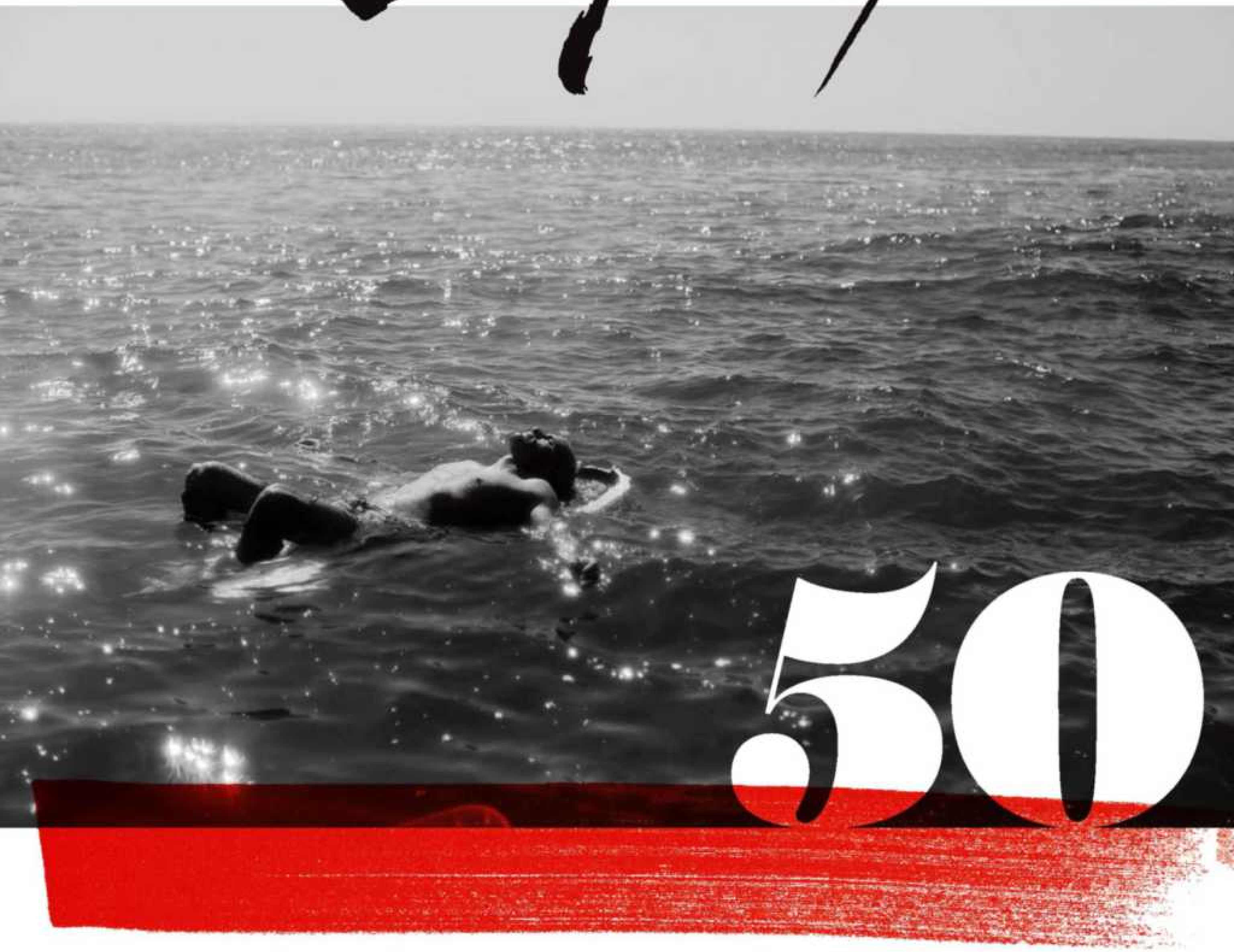
It's All About Content



PHOTOGRAPH BY BRIAN HIGBEE

ON THE COVER Kelly Slater photographed in Malibu, Calif., by Brian Higbee

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CLOCKWISE FROM TOP: PHOTOGRAPH BY CHRIS DELORENZO; PHOTOGRAPH BY ADAM FRIEDBERG; ILLUSTRATION BY PATRICK VALE


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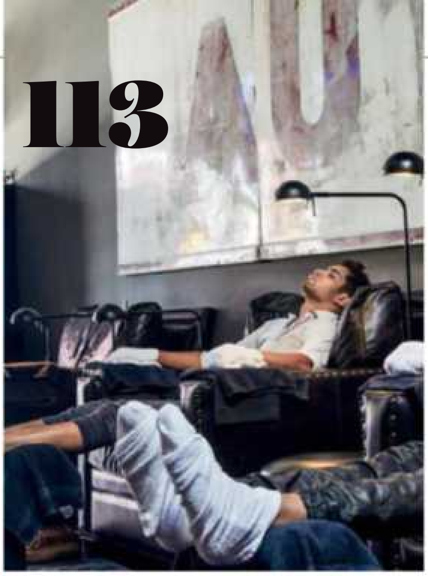

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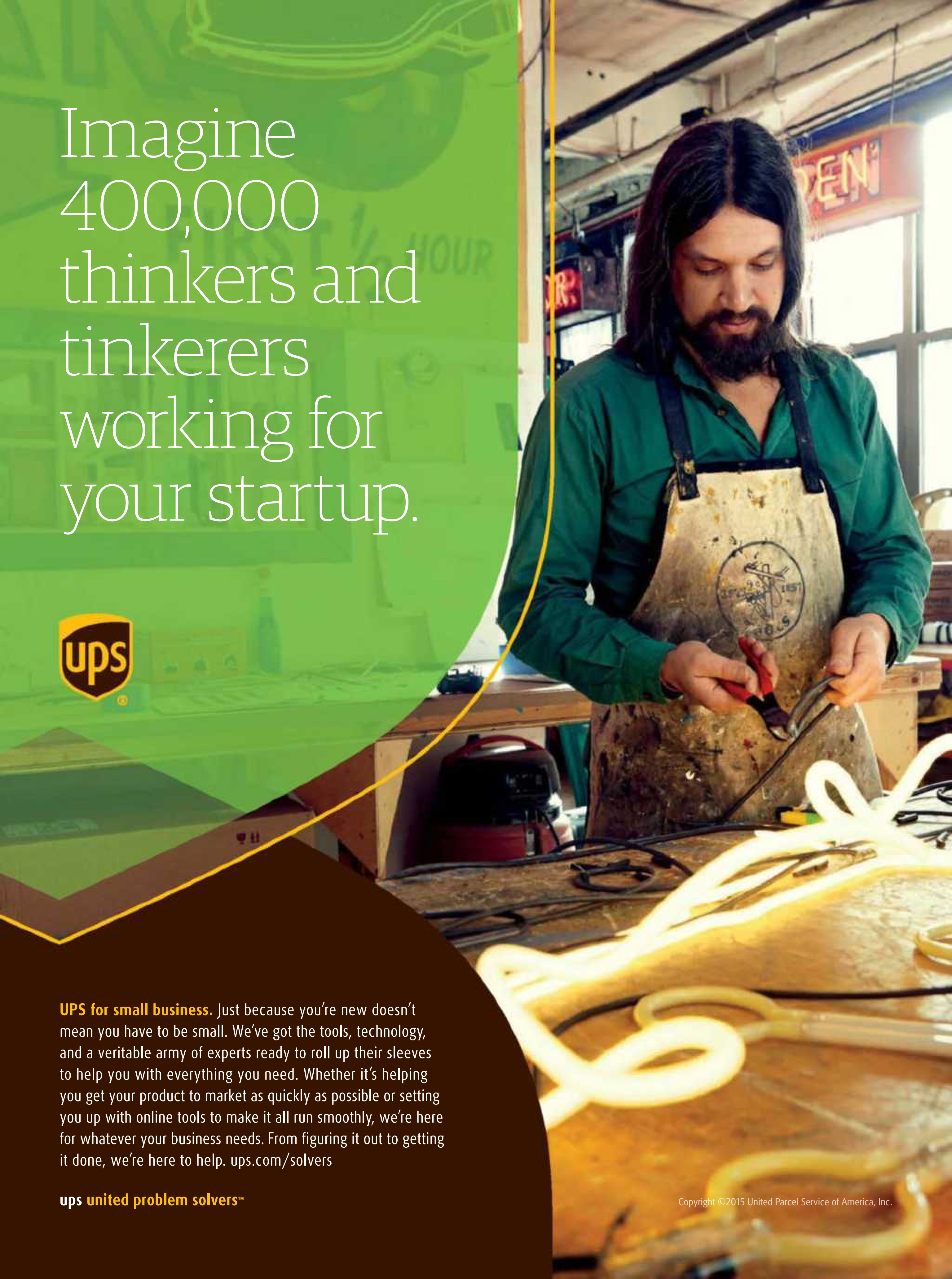
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BE YOUR OWN LIGHT BULB. THE FUTURE IS YOURS. TURN IT ON.

I never did anything worth doing by accident, nor did any of my inventions come by accident; they came by work. —*Plato*

There are people and there are trends. Behind both? Thought. And the reinvention of thought. Trends and people can never be separated. The people part represents the soul—the heartbeat.

What are trends? That's the thing: They are created by humans rethinking the known ways of doing things. People are the force behind new ideas.

And one thing we've learned here is that behind invention is humanity. There's math and there's something more: people and thought and passion—and the fire in the belly that lights the two.

Yes, we have trends and the things that will define our future economy, but almost always, without fail, people define the trends. And the trends define the future. You, as entrepreneurs, are the future. The two are inextricably connected. Trends without the intellect are just numbers.

When Edison created the first commercially viable light bulb, it was unheard of. It was unexpected and very much a new way of thinking. It was novel. And so, too, are the stories of Jack Dorsey, Kathleen Kennedy, Satya Nadella, Ellen Pao, Richard Plepler, Meg Whitman and, yes, Taylor Swift (see "Clouds, *Star Wars* and Unicorns," page 36). They are the intellectual capital who will define future opportunities.

And there are surfers. Surfers who, well, surf—and make fashionable hoodies. And do so with aplomb.

Putting a surfer on our cover was not an easy choice. Because since when do surfers embody the spirit of entrepreneurship? Since they started making clothes, and realizing new ways of experiencing life. Just like Kelly Slater, whose company represents one of our trends of 2016—apparel brands making sustainable fashion (see page 50).

This issue celebrates both people and trends—and the opportunities they create. We love looking at the choreography of new ways of thinking, but also at the unexplained magic of the intellect behind it.

We've never had a surfer on the cover before, but we're proud we do this month because he captures the spirit of adventure and entrepreneurship. Just like you.

Cheers,

Amy C. Cosper
acosper@entrepreneur.com
@AmyCCosper

OUR BOARD OF ENTREPRENEURIAL ADVISERS

JUDITH PUCKETT-RINELLA
Our photography director is new to us, but has made a career at titles such as *BlackBook, Details, T: The New York Times Style Magazine* and *Vanity Fair.* Judith is also an entrepreneur: founder and president of design emporium Whisper Editions.

BRIAN HIGBEE
A photographer on the rise, Brian was the mastermind behind our stunning Kelly Slater cover. He's a collaborator, a poet, a dreamer. His first instinct on the cover assignment was "Let's get Kelly in his element—water." And it worked.

Amy C. Cosper and Judith Puckett-Rinella photographs by Nigel Parry/CPI

Introducing Metris—the new mid-size commercial van from Mercedes-Benz. The spacious cargo model offers 186 cubic feet of storage space and an impressive 2,502-lb payload, while the passenger model seats up to eight people. Both are equipped with advanced safety features like ATTENTION ASSIST®[1] and Crosswind Assist[2] for industry-leading protect**ability**. From customize**ability** to garage**ability** to afford**ability**, Metris gives your business endless poss**abilities**. Visit MBVans.com

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It's a Hit

Thank you for running "The Hit Man" (November) about will.i.am and his tech companies. I get your magazine not only for myself but also to share with co-workers. Most of them are Millennials, and at least a third are African-American, so having someone like will.i.am telling them that they can and should pursue interests in developing, launching and running businesses is very important. Seeing someone else succeed who looks like you and comes from your background is essential to developing the confidence to step out in the world and take the kinds of chances necessary for success. Please continue to feature people of color on your covers and in your "centerfold" articles.

Jane M. Smith
TEMPE, ARIZ.

New Look

Just reaching out to say that I love the new design. I thought it was a new magazine and recently launched until I read your Editor's Note. I've never purchased the book in the past but look forward to becoming a new reader.

Troy Carter
LOS ANGELES

Rock On

Loved "Rebel Yell" (Editor's Note, October). As a selectively conforming nonconformist, I first cued up Billy Idol followed by David Bowie before writing this. Then I thought back to three searing memories of being told "You can't do that." (Cue that Beatles tune next.) We found ways to accomplish all three. And I feel damn good about it.

Michael Pochan
IRWIN, PA.

Tech Check

Love the magazine and the insight, however there is a recurring pattern through all the articles and editions that entrepreneurship and achieving success means building the next "greatest app." I know we're in a digital age, but I would love to read more success stories and sound advice from nontech entrepreneurs. I've been programming and building apps for the last 12 years and want to believe there are other ways! I was excited for about two seconds to see an article on farming in the October issue, only to discover that he, too, built an app. Isn't entrepreneurship about being innovative in lots of ways? Would love to see more articles celebrating nontech achievement and encouragement.

Jenny
GREENVILLE, S.C.

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JOIN US

Expand your network, share ideas, learn and grow at Entrepreneur Media events.

Shout Out

No. Dear god, no. You did *not* just order the ravioli at a business lunch. Friend, you need help. Who better to give it to you than our very own *Esquire* Guy, Ross McCammon? His hilarious new book *Works Well With Others* (Dutton) will fill you in on the business skills and etiquette you need to know to get things done (or at least fake it) without being a jerk. We couldn't be more proud.

GrowthCon 2015

Join Entrepreneur on Dec. 15 in Long Beach, Calif., for a day of how-to sessions and networking opportunities. You'll come away with fresh ideas, hands-on tools, powerful insights and strategies that work. Plus, we'll present a total of $50,000 to the winners of our Project Grow Challenge. Go to entm.ag/growth2015 to register.


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esquire guy

To Post or Not To Post

THE DUTIES AND CASUALTIES OF COMPANY AMBASSADORSHIP

By Ross McCammon

SOMETHING happened to all of us about four years ago. Quietly, and without our approval, a new responsibility was added to our job descriptions: brand ambassador.

It happened to each of us the first time we made a company-related post on social media. The Facebook post of colleagues at a bar after a conference in 2011. The Instagram shot of the dangling M&M's bag in the candy machine with the hashtag "#soclose" in 2012. The tweet "Bored at work" and accompanying photo of a (legitimately impressive) paper-clip sculpture.

We were involved in acquiring this responsibility—we practically gave our companies no choice but to confer it. But this responsibility was never agreed upon. And therefore, the ramifications of failing to meet the duties associated with it haven't been fully considered.

It's not like we haven't known it was a problem. There have been many casualties.

Consider Gene Morphis, former CFO of clothing retailer Francesca's Holdings. In 2012 he tweeted the following from his private Twitter account: "Board

Photograph by Paul Sahre

meeting. Good numbers = Happy Board." Problem was, the official earnings reports weren't available to all the investors. His tweet violated SEC rules. He was fired, even though he had only 238 Twitter followers.

Rule: Be especially careful in the finance world or other highly regulated fields, such as healthcare and government.

Consider the GOP staffer who insulted President Obama's daughters, the paramedic who took disgraceful pictures of dying patients, the assisted-living employee who posted a photo of a client on the toilet.

Rule: Uh, don't do that, either.

Consider Trevor Noah, Jon Stewart's replacement on *The Daily Show*. Some of his old tweets resurfaced, depicting him as anti-Semitic and sexist. He is a comedian, though, and was able to recover by faulting it to the nature of the job—a few bad jokes.

Rule: Your social media history never leaves you. Scrub it. Now scrub what you scrubbed.

In the social media world, we've begun referring to people's "personal brands." So it would follow that the tricky part about posting company-related stuff is combining two brands (yours and the company's) in a kind of merger. But I believe this is the wrong way to think of it. I don't believe people are brands. People are people. When you post about your company, you're making your company a person, too. You're humanizing it in ways that might make the company uncomfortable. So, ask yourself: Would the company want this information out there if the company were a human being?

Here are two scenarios:

Scenario A: You and Kyle just won the potato-sack race at the company picnic. Jenny took a video and wants to turn the part when you fell down at the finish line into an Instagram video. And you all work for a defense contractor known for secrecy, success and whatever the opposite of "wacky" is.

Scenario B: You and Kyle just won the potato-sack race at the company picnic. Jenny took a video and wants to turn the part when you fell down at the finish line into an Instagram video. And you all work for a startup that is literally named Whacki and encourages posts about company events as part of its marketing strategy.

The problem with Scenario A is that you're humanizing the company in a way that *no one* wants it to be humanized. You're forcing it to be something it isn't. You're embarrassing it. And it wants to leave the picnic. Now.

You have to know how you fit into your company's marketing efforts, says Mark Burgess, co-author of *The Social Employee: How Great Companies Make Social Media Work*. "Maybe you work for an airline, right? And maybe you share on social media some interesting articles on different destinations or what you could do there ... rock climbing, scuba diving, whatever. The point is that what you're sharing should be about the audience and their needs."

But what about a policy? Burgess says social media policies tend to fall into one of two categories. The first is something like Southwest Airlines' approach, which boils down to: Employees are responsible for their actions on the internet and are encouraged not to post materials that may reflect negatively on the company.

WhoSay, a social media and branding platform for celebrities, has a similar policy. "One simple rule: Assume everyone you know will see it, and it will live until the end of time," explains chief revenue officer Rob Gregory. "Use judgment. No one wants to see the inebriated BFF squad from 3 a.m."

The second option is the 10,000-word policy that no one will ever read, written by a team of lawyers, that boils down to: Don't express yourself in any way, ever. You're not a real person. Stop being a real person!

The second works well in the short term. That's what draconian ideas do: They eliminate conflict by destroying rights. But the first works well, too. And it works *really* well if the boss takes the lead. Burgess refers to this kind of boss as a social executive.

"We use the example of the player-coach model, where the social executive is not only giving the orders, what a typical executive does, but is also very involved in social, tweeting or blogging. When the employees see that ... they feel great about that person, they feel great about their company."

The other benefit is that the leader provides an example to follow. The leader's social media presence offers guidelines and boundaries, making clear the limits of the company's online personality and the point at which things get inappropriate.

We must, once and for all, acknowledge that our social media profiles don't reflect only ourselves. We must acknowledge that when we post a photo of our hotel's pool area and our bathing-suited colleagues during the team-building retreat, we are saying to the world: If our company were a person, it would be hanging out in a Jacuzzi with a Corona in its hand, yelling "Woo!"

Is that how your company sees itself?

For what it's worth, I see your company as more: sitting in an Adirondack chair drinking an IPA, whispering "Right on." But maybe that's just me. □

Ross McCammon is a senior editor at Esquire *and the author of* Works Well With Others. *To learn more about* Esquire *and to subscribe, go to esquire.com.*

Key Technical Matters

The Twitter disclaimer "Opinions are mine alone" does not fully disclaim your ties to your company.

Especially when the first thing you list in your bio is your job title.

Before posting something on social media about your company, ask yourself: If my company were a person, would it appreciate this?

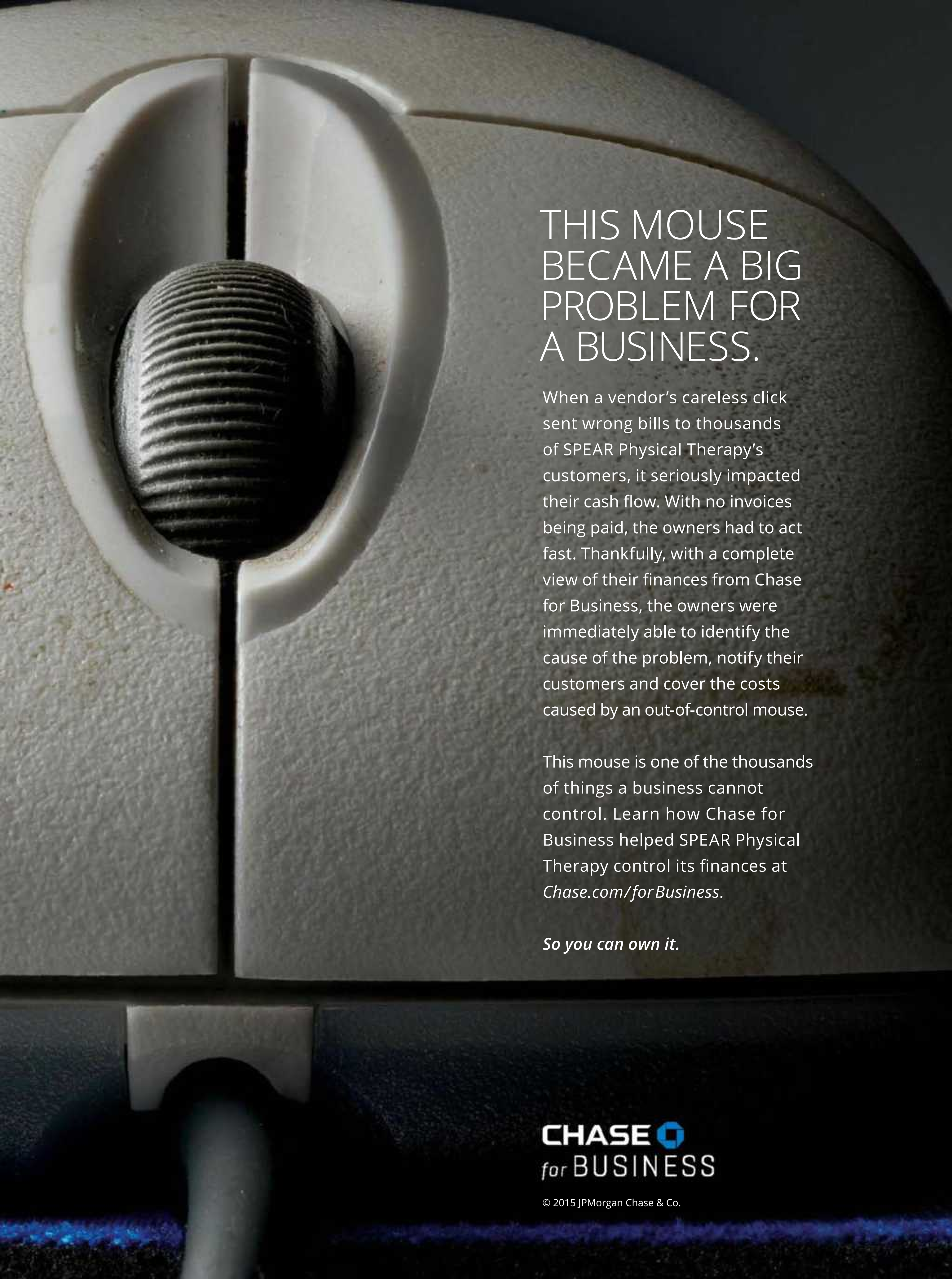
You're not harming the company when you post something that isn't "on brand." You're taking away its brandness altogether. You're "un-branding" it. In fact, you're humanizing it. But you may be humanizing it in ways it doesn't want to be humanized.

Especially when you tweet from the restroom.

Beware the Hashtags

Don't ...

#caseofthemondays
#stockpriceabouttotank
#smellsweird
#bossrage
#bosscry
#bossapology
#bosscrazy
#I'mgonnabefiredforthis


THIS MOUSE BECAME A BIG PROBLEM FOR A BUSINESS.
When a vendor's careless click sent wrong bills to thousands of SPEAR Physical Therapy's customers, it seriously impacted their cash flow. With no invoices being paid, the owners had to act fast. Thankfully, with a complete view of their finances from Chase for Business, the owners were immediately able to identify the cause of the problem, notify their customers and cover the costs caused by an out-of-control mouse.
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The chic Bond No. 9 flagship was designed to encourage lingering.

business unusual

SCENTS AND THE CITY

NEW YORK'S URBAN JUNGLE INSPIRES A GLOBAL FRAGRANCE EMPIRE

By Lambeth Hochwald

IT MAY BE hard to believe that an entrepreneur could build a multimillion-dollar business inspired by the smells of New York City, which is not necessarily known for its olfactory charms. But that's what Laurice Rahmé has done.

Originally from Paris, Rahmé spent 10 years at L'Oréal before starting her perfume brand, Bond No. 9. "We launched because of 9/11," she says of her company, which is headquartered on Bond Street in Manhattan's NoHo neighborhood. "NoHo and all of downtown were so affected by the events of that day, and we wanted to make New York smell good again. It was a highly emotional time, but my idea was to map out every neighborhood and attach each one to a very different scent."

In the years since, Rahmé has created edgy and whimsical perfumes for men and women, all blended in New York by handpicked French perfumers and each recognizing a specific city locale, from Harlem to Wall Street and Madison Square Park to the High Line, the transformed elevated rail yard she "perfumed" five years ago.

"New York City is always renovating or reinventing a neighborhood," she explains. "But my goal is to see what's next. I read everything I can about a neighborhood before I even begin." Her process takes a year and includes several sit-downs with a perfumer to finalize the scent. For the High Line fragrance, she thought of the history of the neighborhood and "studied the herbs, the grasses, the tulips and everything planned for the park."

This fall, Rahmé debuted B9, which serves as a modern tribute to the perfumerie's original location. That 3,000-square-foot store remains the flagship (and the largest perfume store in New York, according to Rahmé); the company has three other boutiques in Manhattan and one in Sag Harbor, N.Y. Bond No. 9 products are also distributed

Photographs by Adam Friedberg

through 2,000 wholesale outlets worldwide. One key collaboration is with Saks Fifth Avenue, which has carried the collection since launch. "Saks took the brand right away," Rahmé says. "They thought it could expand all over the country, which it did."

In fact, in the past five years, Bond No. 9 has gone global, seeing substantial sales in the U.K., Asia, Latin America and the Middle East. The company, now a team of 100, generated revenue of $50 million last year, which Rahmé considers small compared to her fragrance competitors.

"We're a serious small company," she says. "I like it that way. We only do what we believe in, and I want 100 percent creative control—I don't want to have to report to investors."

That control extends to the customer. In her boutiques, Rahmé aims to create a modern, luxurious but unintimidating shopping experience. The shops are airy, glittery spaces that feel almost like you've entered your best friend's living room. "At our boutiques, you can have a cup of tea from our tea bar or you can browse our books on perfume and New York," she says. "We want to provide the opposite of a department-store experience."

Another draw is the fact that customers can create their own scents, with the help of staffers referred to as Bond Perfumistas. "Our customers end up spending an hour or so in the shop creating their own scent," Rahmé says of the custom blends, which can cost from $500 to more than $2,000 a bottle.

Rahmé has also sketched out a highly specific social media strategy. "We share New York City on social media," she says of the content created for her nearly 7,000 Twitter, 16,600 Instagram and more than 100,000 Facebook followers. "Our customers already know our product, but not all of our fans live in New York City, so they want news of our neighborhood. They want a taste of what's happening here."

That's why the core of the business will always be the city-inspired scents. "We have a lot to cover in New York City alone," Rahmé says. "Plus, everyone loves New York!" □

GOOD-LOOKING, TOO

When Laurice Rahmé launched Bond No. 9, she had already conceptualized a bottle that would be just as memorable as the distinctive fragrances that would be contained within.

After meetings with several of the world's finest glassmakers, most of whom couldn't create the hefty, curvy glass bottle she had in mind, Rahmé partnered with Luigi Bormioli of Parma, Italy, to develop a perfume bottle that would be unmistakably Bond No. 9.

"I designed the bottle like you'd design a person," she says. "You have the head, neck, shoulders and waist. I thought that if I made a bottle like a human being, I could dress it up like a person."

Rahmé's aim was to stand out from the competition. "All the packaging in the fragrance industry was becoming minimalist and functional," she says. "I wanted to bring some artistry to it. While some people prefer a square or circle bottle, I wanted something out of the ordinary. Every company should try to create unique packaging with a unique message.

"There has to be a considerable point of difference between your product and others in the category," she adds. "If you have a 'me too' product, it will be hard to sell it. Consumers are spoiled—you're only going to attract them if they fall in love with what you're selling."

And many do. In fact, Rahmé refers to her customers as collectors, citing some who have 40 bottles of her fragrances.

"No one will want to smell something that doesn't look good," she says. "You have to have that attraction first. We wanted our perfume to be different enough that customers couldn't help but look at what was inside."

jargon

appathy (n.)

Definition: Extreme indifference toward someone's new app.

Usage: *Sigfried's presentation left me in an acute state of appathy.*

Illustration by Martin Leon Barreto

Do you have an ethical dilemma? Write to The Ethics Coach at ethics@entrepreneur.com or @GaelOBrien

the ethics coach

The Transparent Team

COLLABORATIVE PARTNERS OPENLY SHARE INFORMATION. BUT WHAT HAPPENS WHEN ONE GOES ROGUE? *By Gael O'Brien*

Q Partners and employees at my company are expected to pool contact information for clients and prospective clients in a database. We find that having information easily accessible maximizes partner relationships in making deals.

But some partners aren't cooperating. When my client needed confirmation of market data, I asked another partner for assistance. He confirmed the data analysis through a client he refused to name, leaving me—and my client—without a reference point. My partner's lack of transparency is unethical. But he's a rainmaker, and as our company's driving value is making money, other partners aren't concerned. What are my options?

A Lack of transparency isn't the only problem here. It may be hard for other partners to see being disrespectful, evasive and withholding as a big deal when the firm is bringing in the dollars. The problem is that the incident you describe raises ethics issues that can poison the partnership and the firm's ability to sustain financial success.

Most horror stories about partnerships upended by ethics scandals started as fixable red flags that were left to fester. In your case, we're talking about ethical time bombs: how operating only out of competition blows out collaboration; how respect, fairness, accountability, trustworthiness and, yes, transparency, get kicked to the curb when money is the only business driver; and how rainmaker worship can turn nice guys into arrogant bullies.

Before leaping in, make sure you're confident about your motivation for tackling the problem. This will strengthen your credibility and, in turn, your partners' willingness to listen as you suggest that changes in the culture are beneficial to preserving the firm's success. You also need to figure out how you can get conversations going that encourage compliance with policies. While not all partners are equal in terms of shares or power, all are accountable to act in ways that create trust and preserve relationships as well as the firm's long-term success.

Like you, those who put their contact information into the database probably expected that everyone would benefit from collaboration and stronger business relationships. When some partners don't comply, face no consequences and still benefit from others' contacts, cynicism and resentment kick in.

Policies that are skewed to benefit or exempt rainmakers breed mistrust. And clients sense that. Your client wasn't given the information he needed and may interpret that to mean he isn't important or is working with the wrong partner. How is that helpful to the firm in the long run?

You also need to focus on what brought you together as partners. If there was a shared purpose—like working together to be the best in your field—making money is the result of fulfilling that purpose. This is different from money being the driver. Discussing your original purpose can be a starting point for a chat with your partners.

Gael O'Brien is publisher of The Week in Ethics *and founder of coaching/consulting firm strategic opportunities group.*

Illustration by Arthur E. Giron

design

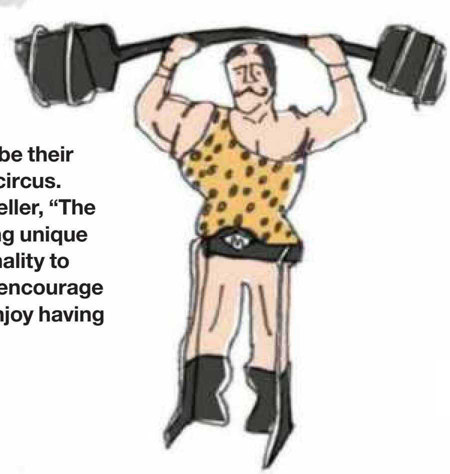
THE GIFT OF ESCAPE

How design firms show their appreciation for clients

KEEPING CLIENTS HAPPY is a year-round challenge, but at holiday time the stakes are high. You want to show your appreciation through a gift, but how do you account for varying tastes among a disparate (and perhaps not well-known) group of people while remaining true to your company's personality? The three design firms featured here answered that question by creating promotional gifts that address a universal need: the desire to escape from work. —*Lynn Haller*

Clients of Tenfold Creative in Auckland, New Zealand, received a mysterious, unbranded box with messaging about switching from work to holiday mode. Inside was a pie chart rendered in chocolate—a perfect hybrid of business and pleasure—to help ease the transition. "The core idea was that we work hard to help you achieve the best results—the best work results and even the best holiday results," says Tenfold managing director Brendon Gleeson.

To help clients take advantage of time off and meditate on the year to come, Portland, Ore., creative agency Sincerely Truman created a custom leather-bound journal. Seasonally appropriate yet relevant year-round, the journal illustrates "a lone vagabond, the eponymous journeyman," according to senior designer Tim Weakland. Accompanied by a shot of "Liquid Courage" (to make exploring one's creativity a little easier) and an internally designed deck of cards, the gift was packed in a laser-engraved box.



Capsule in Minneapolis sends a New Year's gift to combat post-holiday doldrums. An interactive promotion encouraged clients to be their own ringmaster by assembling a circus. Says managing principal Aaron Keller, "The challenge was to create something unique that would allow the firm's personality to emerge, yet be playful enough to encourage someone to keep it around and enjoy having it on their desk." □

Packaging of the Month

By Andrew Gibbs

WHO: Bolthouse Farms partnered with New York's Little Big Brands to name, brand and design a new line of organic, cold-pressed fruit and vegetable juice blends—a super-premium product aimed at the mass market.

WHAT: The firm turned to the past for inspiration, naming the product 1915 for the year Bolthouse got its start as a carrot farm in western Michigan.

WHY WE LOVE IT: The 1915 name is pleasantly nostalgic, reminiscent of a time when food was simple and made by hand. The clean packaging depicts instantly recognizable key ingredients on bottles that play up their natural colors.

There is a subdued elegance to the 1915 bottles. The square top references old glass milk jugs yet is strikingly modern, positioning the brand as high-end. The matte finish sets the line apart on shelves that are otherwise filled with loud, glossy packaging—a move that will build a unique identity in the increasingly saturated and competitive natural-juice market.

The Dieline's Andrew Gibbs is editorial and creative director of How *magazine.*

MACIEJ TOPOROWICZ

Illustrations by Patrick Vale

marketing

New Year, New Goals

YOUR MARKETING ACTION CHECKLIST FOR 2016

By Ann Handley

We're closing in on the end of 2015, so it's a good time to reflect on the year that was and get ready to rock it in the year to come. Here's a checklist of five strategies the smartest entrepreneurs (that's you!) should be thinking about to make 2016 their most successful year ever.

1. Do less marketing.

What? This is a marketing column. But I'm talking about undertaking a more focused, strategic marketing effort, not gutting your marketing programs and budget wholesale.

This means intentionally doing less marketing in places where your customers *aren't*, or when you don't have the ability to support a long-term effort, or if you are spreading your resources too thin. In 2016, focus on mastering one marketing channel instead of several.

You might aim to have the best podcast in your niche or the most useful blog. You might try to create the most vibrant community in your space. The point is to become indispensable to your audience in one specific area via a specific medium or channel.

2. Focus on subscribers.

The smartest businesses in 2016 will de-emphasize one-and-done campaigns and seek to become a relevant resource for customers. You can do that by creating valuable content that people want or need, and by ensuring its predictable, regular delivery.

Marketing expert Andrew Davis (akadrewdavis.com) says the key to expanding your subscriber base is to make an appointment with your audience. Just as your newspaper shows up at a predictable time each day, so should your subscription content be regularly scheduled for customer consumption. Davis suggests releasing content during morning and afternoon drive times, and notes that lunchtime might be the ideal hour to send an email newsletter since people often eat at their desks and browse their inboxes.

Test what works with your audience, based on your own open and engagement rates. The larger point is to create episodic content that an audience can anticipate and rely on.

3. Ramp up distribution.

As much as I'm a proponent of creating ridiculously good content as a cornerstone of your marketing program, that is only part of the equation. The other part is distributing and amplifying your creative efforts. Focusing on subscribers and audience will help build momentum, but you'll need to consider other methods as well, including paid promotions or distribution through influencers or your existing audience.

Research from the Content Marketing Institute and MarketingProfs found that B2B marketers use an average of three paid distribution methods—including search engine marketing, print promotion, banner ads, promoted posts, social ads and content discovery platforms (like Outbrain)—to amplify the content they produce.

Nonpaid is another avenue: Consider how to harness the power of influencers in your industry to help grow your marketing footprint. I like how the Slack Variety Pack podcast from Slack, a team communication platform, maintains two distribution channels. Borrowing a page from broadcast radio, Slack slices each 30-minute episode into smaller "Slack Single Servings"; one channel distributes the entire episode, and the other the segments. Short segments tend to get more traction on social media with niche audiences, says the show's producer, Steve Pratt of Pacific Content in Vancouver, British Columbia.

4. Get your assets in alignment.

Take an inventory of your online marketing efforts: your website, Facebook pages, Twitter presence, LinkedIn groups, Instagram, YouTube, blog, SlideShare, email newsletter and so on. Now look at your list: Are all the assets aligned from the perspective of branding and

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tone of voice? (In other words, if your company logo fell off your marketing material, would people know it's yours?)

If yes: Carry on. If no: Ask yourself whether you need to maintain all these efforts or whether they're distracting you from doubling down on something more fruitful. Also consider how you might tweak your messages in these channels to perform more robustly. Marketer Stephan Hovnanian (shovi.com) suggests starting with the button text, call-to-action text and placement, writing and tone of voice. Doing so will boost the profitability of those channels, Hovnanian says, and will improve the user experience of your website and social channels.

5. Go mobile.

For real this time. The coming year is without a doubt when the gap will widen between sites that are optimized for mobile and sites that aren't. Optimizing for mobile is particularly critical if you sell anything directly online. But it's also imperative for any business that offers signups or downloads from its site: Some 52 percent of smartphone and tablet users say a bad mobile experience makes them less likely to do business with a company, according to research from DirectBuy. What's more, smartphone and tablet users are five times more likely to abandon a task—including shopping—if a site isn't mobile-optimized.

By 2020, user experience will surpass pricing and product as the main differentiator between brands, according to Walker, an Indianapolis-based customer intelligence consulting firm.

At the same time, don't neglect mobile opportunities on your social channels. As social media emerges as a commerce vehicle (most recently, Twitter's "Buy Now" button makes it easier for people to purchase via a tweet), e-commerce retailers should be gearing up to be part of the movement. □

Ann Handley's latest book, Everybody Writes: Your Go-To Guide to Creating Ridiculously Good Content, *is a* Wall Street Journal *bestseller. @MarketingProfs*

travel

On the Road Again

KATIE MOUSSOURIS

Chief policy officer, HackerOne, San Francisco

Why she travels HackerOne's Bug Bounty platform, which rewards hackers who help get rid of bugs, simplifies the process of vulnerability coordination. Moussouris spends about **half her work time** traveling from the company's headquarters in San Francisco to Washington, D.C., for policy and regulation functions—and eventually home to Seattle.

A piece of advice Having the right app on your phone can be a lifesaver. "The one app I wouldn't know what to do without is **HotelTonight.** Once I realized upon landing that I forgot to book a hotel and took care of it while waiting for my baggage."

What she carries with her "I'm constantly on this device," she says of her **MiTone portable battery charger** (sold at airport shops in Europe and South Africa). **Eye drops** combat dry airplane cabin air and hours staring at computer screens. To manage the constant stream of conference calls she takes while in transit, Moussouris says **Samsung earbuds** are a must. And, a small set of **lock picks:** Moussouris carries this for "no particular reason," or so she claims. "But I will say that practice makes perfect, and one never knows when one might need some tools."

JOE PUGLIESE/AUGUST (KATIE MOUSSOURIS)

Photograph by David Rinella


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Lufthansa
LH.com/us/premium-economy
The Premium Economy Class will be available on select long-haul flights as of now and will be phased in gradually across the entire long-haul fleet by the end of 2015.

gifts

Holiday Handouts at Work

WHAT TO GIVE TO WHOM—AND WHAT IT SAYS ABOUT YOU

By Grant Davis, John Patrick Pullen and Jenna Schnuer

Photographs by David Rinella

Origamica Blossom Duocolor Light *($124)*

This DIY paper lampshade gives off a soft, natural light.

Target recipient: The account exec who's a maker on the side. **What it says about you:** You understand her desire to handcraft her environment—and you believe she has too much free time on her hands.

Google OnHub Wi-Fi Router *($200)*

Program this router to prioritize certain devices over others.

Best for: The office data hog who streams video of his dogs through his smartphone all day. **What it says about you:** You don't expect him to stop, but this smart router will ensure that the rest of the staff has the Wi-Fi juice to get their work done.

Kikkerland Acorn Bluetooth Speaker *($80)*

It's a desktop speaker that doubles as a work of art.

Best for: The office music lover. **What it says about you:** You acknowledge her audio passion, but you appreciate visual subtlety.

Corkcicle Canteen *($20 and up)*

This insulated bottle keeps beverages cold for 25 hours or hot for 12.

Target recipient: That guy whose name you always forget. **What it says about you:** Everyone needs to drink, right?

LAMP IMAGE COURTESY OF ORIGAMICA

FluidStance Level *($289 and up)*
A high-tech balance board for the office's stand-up desk geek.

Target recipient: **The office surfer/snowboarder.** **What it says about you:** **You want to make sure that when she finds the time to shred, she brings a finely tuned sense of balance to her game.**

NightStand for Apple Watch *($30)*
This charger doubles as a nightstand, positioning the watch sideways to turn it into a clock and keeping it in night mode so it remains visible.

Best for: **Apple fans.** **What it says about you:** **You're a multitasker, and you expect everyone else to be one, too.**

Moment Lens Case *($70 and up)*
This rubberized case slides over an iPhone to hold either a telephoto or wide-angle camera lens.

Best for: **The company shutterbug.** **What it says about you:** **You're hip to the Hipstamatics and the power of a gorgeous Instagram feed.**

Filson 24-Hour Briefcase *($355)*
A water-resistant, lightweight bag that holds a laptop and bare essentials for an overnight trip.

Target recipient: **The sales warrior.** **What it says about you:** **You don't expect him to give up more than 24 hours of his life at a time for a work trip.**

food

THE HEALTHY SELLOUT

When food giants acquire small brands, the results are a mixed bag

By Corie Brown

WHILE SALES OF legacy brands are stalling at America's leading packaged-foods companies, mission-driven "healthy" brands are boasting double-digit growth. But keeping up with soaring consumer demand is harder than it looks. While additive-free, non-GMO, organic brands are killing it at specialty-foods stores, these innovative companies often lack the financing, marketing muscle and global distribution to go head to head with traditional brands in supermarkets.

Increasingly, the solution is to sell out. Smaller brands are finding the support they need by forming what used to be considered unholy marriages with food conglomerates. In September, Niman Ranch, a natural pork, beef and lamb producer, became a division of poultry giant Perdue Farms. That followed the $775 million sale of Applegate Farms, a producer of "natural" deli meats, to Hormel Foods. A year ago, Berkeley, Calif.-based organic packaged-foods high-flyer Annie's Inc. sold for $820 million to General Mills.

Such deals are a rational response to revolutionary change. Twinkies and Doritos cannot be reengineered to be healthy. And consumers aren't fooled when big food companies cobble together "healthier" choices that

contain a laundry list of unpronounceable ingredients. The conglomerates' remaining option is to acquire smaller brands.

But can those blamed for the obesity crisis provide a decent home for kale lovers? In the struggle over resources and standards, will the acquired company be Kashi-ed? "We studied Kashi closely," says Annie's president John Foraker. "General Mills gets it. Kashi is a cautionary tale for them, too."

In 2000, Kellogg Co. bought La Jolla, Calif.-based Kashi and showered it with resources while allowing it to march to the beat of its own drummer. For nearly a decade, the healthy star of the cereal aisle flourished. The growth stopped when Kellogg integrated Kashi into the same manufacturing and marketing unit as Frosted Flakes. GMO ingredients were everywhere, and Kellogg paid a $5 million settlement after customers sued the company for using synthetic chemicals in cereals labeled "all-natural." In 2013 Kashi's California offices were closed. Two years later, after Kellogg's public mea culpa, Kashi's sales haven't recovered.

Annie's home office remains in Berkeley. "We make our own decisions," Foraker says. "We've kept control of our brand expression and our ingredients." Most significant, General Mills has expanded its commitment to organic agriculture. The goal is to double organically farmed U.S. acreage to 10 million acres during the next decade.

"Annie's values are a guiding influence at General Mills," Foraker adds. "There is a lot of change at Big Food. If they want to remain relevant with customers, they have to change."

And that change needs to be real. "Authenticity is hard to fake," Foraker says. It's especially true for corporate giants faced with a healthy dose of consumer skepticism. That vigilance may just be a healthy food brand's best protection. □

RAIN GROUP (JOHN DOERR)

ask a pro

Hit That Target

Q How do I set realistic sales goals for my employees?

A John Doerr, co-president of Rain Group, a sales training and consulting firm in Framingham, Mass., offers this approach.

1. Determine your company's goals. "The toughest thing for entrepreneurs to ask is, 'All right, if I get to this level, will I be happy?' The first step is to figure out where you are and what you want."

2. Assess market potential. "That's going to influence how big the quota should be. If [you're] in a brand-new space, the quota could be really high. You have to adjust your goals to the overall market potential."

3. Evaluate your salespeople. "You want your goals to be an incentive that people can reach. You don't want people to be discouraged. What's possible for them based on their previous sales level and their skills set?"

—*Christopher Hann*

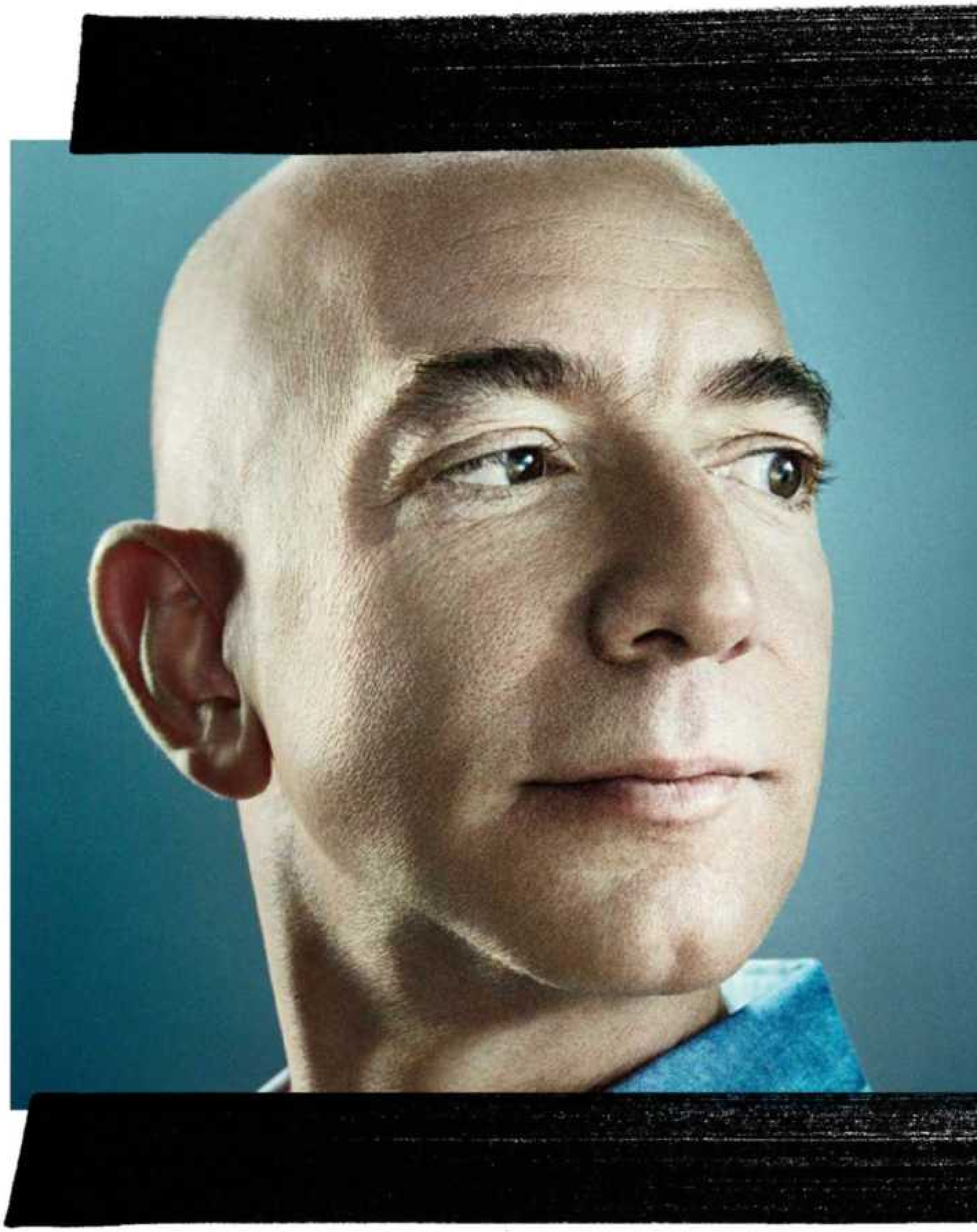
Illustration by Martin Leon Barreto

Clouds, *Star Wars* and Unicorns

By Jason Ankeny

THE ENTREPRENEURS WHO SHAPED 2015

Another year is in the books. Big ideas, big gambles and big changes dominated 2015. Some businesses looked to the cloud; others looked to the stars. Emerging brands broke into the mainstream, established firms reinvented themselves and a 25-year-old pop phenom tangled with almighty Apple—and won. Here are the entrepreneurs behind the milestone moments that defined the year that was.



Jeff Bezos, Founder and CEO, Amazon

JEFF BEZOS CONTINUED rewriting the book on retail in 2015. Long the world's largest internet retailer, Amazon.com in the second quarter toppled brick-and-mortar goliath Wal-Mart to become Earth's biggest retailer, reaching a valuation of $272 billion. The company credited its growth spurt to increased product selection in emerging categories like fashion, as well as citing a direct correlation between higher spending and accelerated delivery options, including the one-hour Prime Now, launched in late 2014.

Amazon is no longer solely about physical merchandise, of course. The Amazon Prime streaming platform has emerged as a viable rival to Netflix, HBO and other prestige content providers thanks to acclaimed original series like *Transparent* (winner of Amazon's first-ever Emmy Awards) and *Catastrophe.* Amazon is also a cloud giant: Its AWS unit, which sells cloud computing and data storage services, grew 81 percent year over year in Q2 to $1.8 billion.

Not all news was good news. A bombshell *New York Times* exposé published in August depicted Amazon as a cut-throat environment that rewards staffer cruelty and backstabbing. In a memo to employees, Bezos said he doesn't recognize the "soulless, dystopian workplace" described in the article and requested that anyone experiencing abuse report it immediately to HR or directly to him.

"I strongly believe that anyone working in a company that really is like the one described in the *NYT* would be crazy to stay," Bezos added. "I know I would leave such a company."

If Bezos ever did exit Amazon, he'd have a range of options. Two years ago, he acquired the venerable *Washington Post,* and in 2015 his consumer space-travel startup Blue Origin (founded in 2000 but quiet until recent months) pledged to invest roughly $200 million to build rockets and capsules in Florida, sending them into orbit from a long-dormant Cape Canaveral launch pad. Blue Origin has already completed an unmanned test flight, launching a reusable rocket named New Shepard to an altitude of 58 miles above west Texas. The firm also signed agreements to build rocket engines for United Launch Alliance, a partnership between Boeing and Lockheed Martin. Bezos has even proclaimed that his cosmic vision includes someday holding a news conference from space. Which would be entertaining, no doubt, but probably not as good as *Catastrophe.*

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Jack Dorsey, Co-founder and CEO, Twitter; Founder and CEO, Square

THINK IT'S CHALLENGING running one startup? Try leading two. And not just any, but two of the most influential firms in Silicon Valley.

Such is the Herculean workload shouldered by Jack Dorsey, who this year returned to Twitter, the social media platform he co-founded in 2006, as interim CEO following the resignation of longtime chief Dick Costolo. Dorsey spent the summer juggling Twitter alongside his duties as CEO of digital payments provider Square. Despite the reservations of Twitter board members who said they would consider only replacements "who are in a position to make a full-time commitment to Twitter," he was awarded the top job on a permanent basis on Oct. 5 and allowed to retain the Square gig as well.

"Twitter is the most powerful communications tool of our time," Dorsey tweeted (of course) following his appointment. "Our work forward is to make Twitter easy to understand by anyone in the world, and give more utility to the people who love to use it daily!"

It won't be easy. Though Twitter boasts 316 million monthly active users generating 500 million tweets each day, the platform has struggled to extend beyond its niche user base of journalists, celebrities and other "influencers" to penetrate the mass market. The new Moments feature, launched two days after the Dorsey hire, aims to simplify the Twitter experience by curating the most relevant content from major events.

Square, meanwhile, continues to evolve, and on Oct. 14 filed to go public in a bid to raise $275 million. The company revealed that revenue rose 54 percent last year to $850.2 million, but losses widened from $104.5 million to $154.1 million. With its core retail-transaction business threatened by competition from Amazon, PayPal, Stripe and others, Square is targeting new segments like business lending, payroll services and even food delivery. Analysts have expressed concern about a lack of focus, and doubling Dorsey's workload won't help. "[Twitter] may at times adversely affect his ability to devote time, attention and effort to Square," the firm said in its securities filing.

Still, potential synergies could make the risks worth it. In September, Twitter announced that users would be able to donate to political campaigns directly from the app via Square technology. And there have been time-share CEOs before: Dorsey's hero, Steve Jobs, did double duty as chief of Apple and Pixar, masterminding projects including the iPod, iTunes and *Finding Nemo.* If Dorsey can come anywhere near those heights, maybe Aaron Sorkin will write a movie about him, too.

Kathleen Kennedy, President, Lucasfilm

FORGET ARVEL CRYNYD: Kathleen Kennedy is the unsung hero of the *Star Wars* universe. The most prolific female filmmaker in Hollywood, she has produced or executive produced more than 60 films that have grossed $11 billion worldwide and collectively earned 25 Academy Awards. Her credits include popcorn hits *E.T. the Extra-Terrestrial, Jurassic Park* and the *Indiana Jones* and *Back to the Future* trilogies, as well as Oscar favorites ranging from *Who Framed Roger Rabbit* to *Schindler's List.*

Yet Kennedy has spent her career overshadowed by boy-wonder collaborators like Steven Spielberg (her co-founder in Amblin Entertainment) and *Star Wars* creator George Lucas … until now. In 2012 she was named president of the Lucasfilm production company soon after The Walt Disney Co. acquired it from Lucas for more than $4 billion. The first feature-length project under Kennedy's authority, *Star Wars: The Force Awakens,* is due Dec. 18; directed by J.J. Abrams and bringing back original stars Harrison Ford, Carrie Fisher and Mark Hamill, the film is expected to shatter box-office records. Amobee Brand Intelligence predicts a debut of up to $539.5 million, which would beat the record of $524.1 million held since June 2015 by *Jurassic World*.

Compared to the waning years of the Lucas era (Jar Jar Binks, WTF?), Kennedy has *Star Wars* running like a well-oiled machine — smoother than Lando Calrissian on ladies' night at the Mos Eisley Cantina. She has lined up directors for the next two films: Rian Johnson for *Episode VIII,* scheduled for May 2017, and Colin Trevorrow for the concluding *Episode IX.* Kennedy is also overseeing *Star Wars* merchandise (toys, video games, comics) expected to rake in about $5 billion, and she's orchestrating a series of spinoff films featuring fan-favorite characters; TV shows; and themed amusement-park experiences. If *The Force Awakens* lives up to the hype, Kennedy could become a household name on par with Lucas or Spielberg — not to mention more powerful than Darth Vader himself.

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Defending Against Ransomware

The primary focus at Beyond Computer Solutions is helping its customers work from anywhere—the same way president Chris Noles runs his own company. With his entire operation dependent on high-speed Internet for both his employees and his customers, Noles is highly proactive when it comes to network security.

A particularly virulent threat of late is ransomware, which is transmitted through legitimate-looking emails and lets cyber-criminals hold a business's files for ransom. Commercial-quality firewall products with subscriptions at customer locations are an important tool Noles is using to protect against this threat.

Protecting Customer Data

As a provider of professional audio-visual services to a wide range of clients, Intelligent AV is a small business that has achieved global reach by leveraging technology. Its clients demand close coordination to make their projects successful, and Intelligent AV relies on video conferencing and other real-time unified communication and collaboration tools to meet their needs.

Its greatest concerns are unauthorized access of customer data and sensitive employee records, destruction of that data and ransomware, says Steve Rynbrandt, partner with his wife, Michelle Rynbrandt, in the woman-owned business. Its multifaceted approach to threat mitigation includes technical controls, threat-awareness training, and encryption when possible.

Securing Sensitive Financial Information

As a single-employee investment advisor managing portfolios for a wide range of clients, Liam Timmons says effectively implementing cutting-edge technology in daily operations is a requirement for his business, not an option. At the same time, unauthorized access to online accounts and client files is a constant threat.

He relies on multiple solutions to help meet that challenge, including multi-factor authentication, a robust password policy, secure online communication, removal of sensitive information from emails, and antivirus software and firewalls—updated and upgraded on a regular basis.

Why Small Businesses Need to Take Security Measures

"Hackers do not care what size your business is," cautions Kevin Haley, director of Symantec Security Response. "They only care if they can get past your defenses and relieve you of your valuables. What hackers do like about small businesses is that they tend to have more to steal than an individual consumer end-user but fewer cyber defenses than a larger company." The hard reality is that most small businesses stand at least a 50-50 chance of being targeted for attack by hackers, according to the 2015 Symantec Internet Security Threat Report.

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COMCAST BUSINESS B4B BUILT FOR BUSINESS™

Satya Nadella, CEO, Microsoft

SATYA NADELLA IS REBUILDING the House That Bill Gates Built. After Gates' handpicked successor Steve Ballmer took the helm, Microsoft's operating-system share across all web-connected computing devices plummeted from more than 90 percent in 2009 to around 20 percent in 2013, the year Ballmer stepped down. Nadella, the software titan's third-ever CEO, took over in early 2014.

As president of Microsoft's $19 billion server and tools business, he'd led a transformation from client services to cloud infrastructure and services. Now, he's steering the company back to relevance by championing a cloud-first revenue model predicated on selling enterprise software licenses to solutions like the Office 365 productivity suite and Azure storage business.

Nadella's moves are paying huge dividends. After seven straight quarters of cloud triple-digit revenue growth, Microsoft in July posted a comparatively slight 88 percent year-over-year increase in its fiscal fourth quarter; Nadella is targeting $20 billion in annual revenue from cloud computing efforts by the close of fiscal 2018, more than three times the division's current $6.3 billion annual run rate. Nadella is also emphasizing mobile efforts, offering the updated Windows 10 operating system free to consumers in order to boost its popularity and encourage developers to create applications—which can easily mutate into Windows Phone apps, since the desktop and mobile platforms are virtually identical.

Meanwhile, Nadella has streamlined operations, cutting 25,000 jobs, handing over much of Microsoft's advertising operations to AOL and selling chunks of its maps business to Uber. Despite writing off Microsoft's ill-fated $7.2 billion purchase of Nokia's devices and services unit, a deal made during the last gasps of the Ballmer regime, Nadella has not shied away from acquisitions, scooping up cloud cybersecurity startup Adallom, security software developer Aorato and stylus technology maker N-trig. Perhaps most surprising, Nadella has charged into computing hardware, introducing smartphones and tablets along with Microsoft's laptop-tablet crossover, the Surface Book, unveiled in October. Gates may be synonymous with the Microsoft brand, but make no mistake: This is Nadella's company now.

Ellen Pao, Former Interim CEO, Reddit

ARGUABLY NO SILICON Valley executive was the subject of more controversy in 2015 than Ellen Pao, ~~and~~ over time she may prove to be the most impactful exec as well, by forcing the issue of tech-industry gender inequality into the spotlight.

The former corporate attorney joined venture firm Kleiner Perkins Caufield & Byers in 2005 as technical chief of staff for influential senior partner John Doerr; although Pao claims she was promised an opportunity to move into an investing role, senior partners (including Doerr) made negative evaluations of her work. In May 2012 Pao filed a gender discrimination lawsuit. On March 27, 2015, the jury decided in favor of Kleiner Perkins on all counts.

Pao later dropped an appeal, writing, "Seeking justice in the courts has been painful for me personally and professionally, and for my family. I am now moving on ... My experience shows how difficult it is to address discrimination through the court system."

Pao may have lost the battle, but she could win the war. Silicon Valley attorneys have identified a so-called "Pao effect," citing increasing instances of women filing discrimination complaints in the wake of the Kleiner Perkins case. Their ranks include Chia Hong, who in March sued Facebook for gender and racial discrimination along with sexual harassment, and Tina Huang, who filed a similar suit against Twitter the same month.

While still embroiled in the suit against Kleiner Perkins, in 2013 Pao joined social networking and news site Reddit and was named interim CEO in November 2014. During her time at the helm, Pao made headlines by eliminating salary negotiations for new employees, explaining, "Men negotiate harder than women do, and sometimes women get penalized when they do negotiate." This summer Pao was the target of criticism and harassment by Reddit users after five Reddit communities (aka subreddits) were banned for harassment. A Change.org petition requesting her removal reached 200,000 signatures, and on July 10, Pao resigned.

"Balancing free expression with privacy and the protection of participants has always been a challenge for open-content platforms on the Internet. But that balancing act is getting harder. The trolls are winning," Pao wrote in a *Washington Post* op-ed published following her resignation. "We were naive in our initial expectations for the Internet, an early Internet pioneer told me recently. We focused on the huge opportunity for positive interaction and information sharing. We did not understand how people could use it to harm others ... In the battle for the Internet, the power of humanity to overcome hate gives me hope. I'm rooting for the humans over the trolls. I know we can win."

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James Park, CEO, Fitbit

SEVEN YEARS AFTER Fitbit first grabbed the world by the wrist, the brand has become synonymous with health and fitness in the digital age. The wireless-enabled Fitbit Tracker, introduced in 2008, kick-started a revolution that now encompasses an array of wearable devices giving users unprecedented insight into their physical activity, calorie consumption and sleep patterns. Despite competition from Apple, Nike and others, Fitbit embodies the survival of the fittest, posting record-breaking financials in Q2 2015—its first quarter as a public company—as revenue increased 253 percent to $400 million on sales of 4.5 million units.

Fitbit now boasts 9.5 million active users, and its devices are available at 45,000 retail locations, including Best Buy and Target, in 50-plus countries. James Park, the Harvard University dropout who co-founded Fitbit in 2007, says the company will leverage its $732 million June IPO to create more devices and features, as well as a line of accessories to complement those created in collaboration with designer Tory Burch.

Fitbit won't stop until America is in as good shape as its bottom line. This year, the company teamed with Kellogg's to promote family fitness by showcasing the Fitbit Flex wristband on 20 million cereal packages and partnered with CBS to integrate its products into the reality show *The Amazing Race.* Fitbit has also aligned with brands like Geico, TransUnion and Quicken Loans to inspire their staffers to lead healthier lives.

"We see employers becoming increasingly focused on the health and productivity of their work force," Park said on Fitbit's Q2 earnings call. "The corporate wellness market is expected to grow to an $11 billion market by 2019." It's Fitbit's world; we're all just living (healthier) in it.

Taylor Swift, Pop Singer

TAYLOR SWIFT is not simply the world's biggest pop star. She has also proven herself one of the entertainment industry's canniest, most influential businesspeople. Her chart dominance speaks for itself: Her fifth studio album, *1989,* released in late 2014, has generated a string of No. 1 hits ("Shake It Off," "Bad Blood" and "Blank Space") and sold 1.29 million copies in the U.S. in its first week of release, more than any album in the previous 12 years. Swift has now shifted more than 5 million copies of *1989,* an astonishing number in an era when consumer interest in purchasing and experiencing full-length albums is at an all-time low, and sales of 1 million copies are considered stellar. At just 25, she's also the first and only act to release three albums that sold more than 1 million units in their opening week of release.

Despite coming of age in a music era defined by disposable, substance-free ear candy, Swift is clearly in this for the long haul. Prior to the release of *1989,* she wrote an impassioned op-ed for *The Wall Street Journal,* emphasizing the importance of albums and the creative ambition the format supports while rallying artists to maximize their financial potential. "Music is art, and art is important and rare. Important, rare things are valuable. Valuable things should be paid for," Swift wrote. "It's my opinion that music should not be free, and my prediction is that individual artists and their labels will someday decide what an album's price point is. I hope they don't underestimate themselves or undervalue their art."

Swift is putting her music where her mouth is. In November 2014 she removed her catalog from Spotify, arguing that the streaming company's ad-supported free service undermines its premium service, which provides higher royalties for songwriters. In June 2015 Swift criticized the fledgling Apple Music streaming service for not offering royalties to artists during the free three-month trial period, stating, "Apple Music will not be paying writers, producers or artists for those three months … Please don't ask us [recording artists] to provide you with our music for no compensation."

She also stated that she would pull *1989* from the Apple Music catalog. Her power is so great that a day later, Apple exec Eddy Cue announced on Twitter that Apple was changing its policy and would pay artists during the free trial period. Swift responded by making *1989* available on Apple Music, tweeting that it was "the first time it's felt right in my gut to stream my album." Three years removed from her hit "We Are Never Ever Getting Back Together," Swift has learned the art of compromise—without compromising her art.

AXELLE/BAUER-GRIFFIN/GETTY IMAGES (TAYLOR SWIFT); ILLUSTRATION PHOTO REFERENCE BY JEFF CLARK

Meg Whitman, Chairman, President and CEO, HP

MEG WHITMAN is dismantling Hewlett-Packard in order to save it. Her campaign to reinvent the venerable computing brand culminated on Nov. 1, when she split it into two publicly traded entities: The Whitman-led Hewlett Packard Enterprise will handle business hardware and services, while executive vice president Dion Weisler will head HP Inc., the PC and printer business.

Since Whitman took charge of HP in late 2011, she has reshaped virtually all facets of the business, integrating its printing and PC divisions into one unit in 2012, launching the Sprout PC brand and developing a computing architecture dubbed The Machine. Whitman has also slashed 55,000 jobs to create a more nimble, lower-cost organization, and additional cuts loom: She warned in September that HP will trim another 28,000 to 33,000 jobs in the months ahead—10 percent of its work force—for savings of $2.7 billion annually.

Even beyond the HP split and job cuts, 2015 was an aggressive year. In March, Whitman made her largest acquisition as CEO, snatching up wireless networking firm Aruba Networks for $2.7 billion; earlier in the year, she bought data security provider Voltage Security and cloud-based software firm ConteXtream for undisclosed sums. HP also paid $100 million to settle a class action over its disastrous purchase of British software firm Autonomy (a deal completed prior to Whitman's arrival). Speaking to analysts in September, Whitman said HP will continue to take a "disciplined approach" to M&A moving forward, adding, "We haven't done anything stupid in the last four years, and we don't intend to do anything stupid in the future."

Critics may disagree. Some decry the move to split HP; others bemoan the job cuts and free-falling sales (down from $127 billion in 2011 to $111 billion in 2014), and still others point to Whitman's failures in emerging segments like the cloud. Barring some miraculous turnaround, Whitman's supporters and opponents likely will remain as divided as HP itself.

Richard Plepler, Chairman and CEO, HBO

CLOSE TO A DECADE after *The Sopranos* ended its run, HBO remains the TV network by which all others are judged. In the face of increased competition from other broadcasters, as well as Netflix, Hulu and other streaming video platforms, HBO has flourished since Richard Plepler was named chairman and CEO in January 2013. Its global subscriber base grew to 138 million in 2014, up from 81 million in 2010, buoyed by hits like *Last Week Tonight With John Oliver, Silicon Valley* and *True Detective*. *Game of Thrones, Veep* and *Girls* remain critical and commercial favorites. HBO's original programming scored its largest haul ever at the 2015 Emmy Awards, taking home 43.

Spoiler alert: The dominance is poised to continue. Sure, *True Detective* season two was a dumpster fire, but HBO's 2015 slate yielded the promising new series *Togetherness*, acclaimed miniseries *Show Me a Hero* and the sports-agent sitcom *Ballers*, starring Dwayne "The Rock" Johnson. True-crime miniseries *The Jinx* became headline news when its subject, real estate scion Robert Durst, was arrested on first-degree murder charges the day before the finale premiered. Plepler's pipeline includes *Vinyl,* a music-industry drama from producers Martin Scorsese and Mick Jagger, scheduled to debut in early 2016, and *Westworld,* a science-fiction series inspired by the 1973 feature of the same name.

No less impressive is Plepler's finesse at navigating the new realities of content distribution and consumption. In April the network launched HBO Now, which offers on-demand access to HBO's library across a range of connected devices. Unlike HBO Go, the online video-on-demand service for subscribers of the linear television channel, the $14.99-per-month HBO Now is available as a stand-alone service and does not require a cable or satellite subscription to view. Within three months, it ranked as the top streaming video application nationwide by revenue, according to analytics firm App Annie.

Look for the gains to continue as Plepler expands the horizons of the HBO brand: This year, he inked a deal with Vice Media for a daily news show, landed sports media folk hero Bill Simmons following his divorce from ESPN and agreed to underwrite production of *Sesame Street.* Big Bird and Omar Little on the same airwaves? It's not TV; it's HBO.

The Unicorns

YOU'RE NOT hallucinating: Unicorns are indeed running wild across Silicon Valley. Once rare, unicorns—startups valued at more than $1 billion—are now shockingly commonplace: As of this writing, venture capital database CB Insights counts 141 companies with a cumulative valuation of $506 billion. They include Uber (valued at $51 billion), Airbnb ($25.5 billion) and Snapchat ($16 billion), as well as Chinese electronics company Xiaomi ($46 billion) and Indian e-commerce marketplace Flipkart ($15 billion).

These unicorns are disrupting the disruptors, transforming the ways startups do business. While private companies once fiercely guarded their financial information, many fundraising announcements now spotlight valuation data. Even *The New York Times,* historically a voice of reason, compiled a list of 50 upstart companies projected to become unicorns. The unicorns of today, meanwhile, are grazing on established tech giants in pursuit of talent: Uber and Airbnb have poached Google employees with the promise of fast-paced workplace cultures and potentially massive payouts.

But the herd may be thinning. Some influencers warn that the end is near; most notably Bill Gurley, general partner at VC firm Benchmark, who in August tweeted, "We may be nearing the end of a cycle where growth is valued more than profitability" and warned, "I do think you'll see some dead unicorns this year."

Salesforce CEO Marc Benioff also forecasts doom. "It's dangerous for these entrepreneurs that they're more focused on their market cap than on their customers," he said in August. "When I see them get more focused on being a unicorn than being a company with a high level of customer satisfaction—a high level of employee satisfaction and a company that's giving back to the community—then I know it's a problem."

Brace yourself: Winter is coming. □

Action Plan Are you surprised that technology lies at the heart of the trends we're highlighting for the year ahead? Probably not. But that doesn't mean we've become blasé about the endless stream of innovation transforming our work, homes, recreation and health. Rather, constantly evolving technology has become fully enmeshed in every aspect of our lives, to the point where we expect nothing—not the food we eat, the clothes we wear, the media we consume—to be like it was just a handful of years ago. Everywhere we go, we demand to be fully charged, fully hydrated and fully up to speed with what's going on.

So, what's the biggest change right now? We're no longer just letting in new technology and seeing where it takes us; we're shaping it in ways that allow us to take action. We don't go out to eat—we make meals come to us. We don't passively watch world events unfold—we experience them

Kelly Slater (left) and John Moore of Outerknown are among an innovative group of entrepreneurs taking their destinies into their own hands.

2016

What's hot, what's happening and what's to come

for ourselves. When we get hacked, we fight back. Even resistant-to-change farmers are taking control: No longer at the mercy of the natural elements, they're harnessing big data to maximize crop yields and increase productivity.

What does this mean for entrepreneurs? Always ones to take their destinies into their own hands, they must get even more aggressive. Our choice of trends reflects that stance. New markets are ripe for the taking. Consumers are demanding ethical and sustainable behavior—and entrepreneurs have to give it to them. Leadership roles are morphing as business owners empower others to make decisions so they can focus on big-picture strategy. Financing is available from surprising new sources. Who will grab it?

Passive acceptance is so yesterday. Proactive is the new black. So seize the intriguing resources now available to you, and make 2016 the year you take action. —CAROLYN HORWITZ

Photographs by Brian Higbee

FROM SHREDDING TO RECYCLING

Surfer Kelly Slater joins the ranks of apparel brands making a splash with sustainable fashion

A QUARTER-CENTURY INTO a celebrated pro surfing career that has carried him to exotic locales across the globe, Kelly Slater is still stepping into uncharted waters. This past summer, the record-setting 11-time World Surf League champion realized a long-held aspiration to helm a designer surfwear startup with the launch of Outerknown, which joins a growing wave of apparel brands and retailers embracing sustainable philosophies.

Founded after the dissolution of Slater's 24-year sponsorship deal with extreme-sports apparel giant Quiksilver, Outerknown stands apart from other surf labels by eschewing the category's signature bright colors and in-your-face designs in favor of understated, decidedly adult attire.

But Outerknown's ethics are just as important as its aesthetics. The Los Angeles-based brand's Evolution Series jackets and board shorts are produced from Econyl, a fiber manufactured from 100 percent regenerated nylon waste materials, including so-called "ghost nets"—lost or abandoned fishing nets that jeopardize dolphins, sea turtles and other marine life. After years of research, textile manufacturer Aquafil introduced Econyl in 2011, and the fiber is now integrated into a range of products from carpeting to Speedo swimwear.

Outerknown also is partnering with Swiss startup Bluesign Technologies, whose proprietary system evaluates and reduces resource consumption across the textile supply chain and helps manufacturers manage their use of chemicals, dyes and finishes. In addition, Outerknown gear is produced in adherence with the Fair Labor Association's code of conduct.

"Being a pro athlete, it's so much easier to have a sponsor, have their support, get paid and just do your job," says Slater, 43. "But I wanted more involvement in the creative process and a deeper understanding of what goes into a company."

Slater began formulating plans for an apparel line in his early 20s, but the idea gained momentum in 2012 when he teamed with design guru John Moore on VSTR, a collection of modern travel essentials marketed under the Quiksilver aegis. Moore now serves as Outerknown's creative director.

"There are so many options for clothing in today's market, but nothing that addresses that modern nomadic lifestyle that Kelly leads and we all aspire to," says Moore, a lifelong surfer. "[Outerknown] is an opportunity to do things our way. We can build it sustainably, with a sense of style."

Outerknown isn't the only brand marrying style and sustainability. Nike, Adidas, Levi Strauss and Patagonia are all developing apparel from recycled materials, and retailers like The North Face, American Eagle Outfitters, Forever 21 and Skunkfunk have aligned with I:CO, a Swiss company that transforms used and unsold clothing into textiles for manufacturing apparel

"I wanted more involvement in the creative process and a deeper understanding of what goes into a company."

and industrial materials.

Another I:CO retail partner, H&M, weathered controversy in 2010 after a Manhattan outlet was discovered destroying and discarding unsold clothing. The company responded by rolling out the Garment Collecting Initiative, awarding vouchers to customers for bringing unwanted clothing to H&M stores. Earlier this year, H&M unveiled Close the Loop, a denim line produced in part from recycled cotton gathered via the Garment Collecting Initiative.

An H&M spokesperson says the initiative has collected more than 17,000 tons of textiles globally since its launch in spring 2013. "This year our target is to increase the number of pieces made with at least 20 percent recycled fabric from collected garments by more than 300 percent compared to 2014," the rep adds.

Look for other established brands to enter the recycled apparel segment in the years ahead, making it more difficult for fledgling labels like Outerknown to compete. But Slater says surfing has taught him how to keep his head above water.

"I'm used to having pressure put on me. I'm used to being in situations that test me," he says. "I see everything in my life as cohesive, and affecting all the other things. I try to learn from all of it and bring that to the table." —JASON ANKENY

Out-of-the-Ordinary Investing

HYBRID VC FUNDS—FROM CORPORATIONS, CITIES AND SPECIAL GROUPS—ARE EXPANDING THE EQUITY GAME

Earlier this year, Boston-based 3-D printing company Voxel8 raised $12 million in Series A funding. Among the windfall were contributions from Autodesk's Spark Investment Fund—the software company's $100 million 3-D printing investment initiative—and In-Q-Tel, the CIA's venture fund for intelligence-related innovations.

Wireless intercom company Nucleus scored more than $1.6 million in seed investments this year, $100,000 of which came from Philadelphia's $6 million StartUp PHL fund, which makes equity investments in local entrepreneurs. And Back to the Roots, a San Francisco-area sustainable-food company, raised $650,000 two years ago from Fund Good Jobs, a $2.53 million philanthropic venture fund focused on job creation.

These unconventional VC groups aren't anomalies. In recent years, corporations, municipalities, university alumni groups and philanthropic groups with agendas beyond reaping financial rewards have jumped into the equity financing game.

Take corporate venture capital, which is on the rise. By year's end, U.S. corporate VC groups will have outpaced the $12.31 billion in investments they made in 2014, according to VC data clearinghouse CB Insights.

"A typical party line is that you want very smart institutional investors from typical VC groups," says Daniel Oliver, co-founder of Voxel8. "But on the strategic investment side, you can also get really great input."

In fact, Autodesk partnered with Voxel8 to develop a design tool that helps people create devices for 3-D printing, and >>

In-Q-Tel is interested in using the printers Voxel8 is developing.

Mike Collins, co-founder of Launch Angels, a VC firm that creates and manages university alumni investment funds, credits technological innovations with the rise in nontraditional VC groups. With geographically diverse investment committees easily able to meet by Skype or Google Hangouts, managing alumni investment teams is a cinch, Collins explains.

What's more, the ubiquity of tech startups—and the decreased financial barrier to entry—has prompted Philadelphia and Detroit, among other cities, to begin offering venture capital in an effort to boost economic development, create jobs and attract young people, says Archna Sahay, Philadelphia's manager of entrepreneurial investment.

"The existence of early-stage capital is missing in the ecosystem," Sahay says. And with traditional venture funding not always available to young companies, it makes sense for entrepreneurs to consider the alternatives.

Of course, most hybrid venture funds come with their own set of caveats. The trick to accepting alternative VC is ensuring that your goals mesh with those of your investors. When Nucleus founder Jonathan Frankel accepted six figures from StartUp PHL, he agreed that his company would remain in Philadelphia for 18 months. Likewise, Back to the Roots had to upgrade its employee benefits package before Fund Good Jobs would consider leading a $2 million angel round. "They wouldn't invest until we provided healthcare for the whole team," says Back to the Roots co-founder Alejandro Velez, noting that his company had eight employees at the time.

Some alternative VCs have a more sophisticated understanding of the startup world than others and, as a result, can offer more useful advice and introductions. Consider StartUp PHL. By teaming up with traditional VC firm First Round Capital, the city of Philadelphia has substantially upped the mentorship ante for the entrepreneurs it funds.

For Frankel, the willingness of First Round Capital's Josh Kopelman to weigh in with the occasional suggestion has been a bonus for Nucleus. "There are very few people who write you a check and then just disappear," he says. "Either they're checking in too frequently and offering bad advice or, like StartUp PHL, they're available when necessary to lend an ear and a hand. People should just be careful to determine which type of investor they're taking money from."

—MICHELLE GOODMAN

Nature 2.0

BE IT GIMMICK OR REAL SOLUTION, BIOHACKING IS BIG BUSINESS

If spiders have taught us anything, it's how to build better thread.

Above all else, this is the inspiration behind Bolt Threads, a fledgling company in Emeryville, Calif., that has leveraged technology to crack the mysteries of spider silk and replicate the recipe commercially. The company, which plans to spin its silk into sportswear and other forms of apparel, is aiming for a 2016 release of products that will harness proteins found in nature to create fibers and fabrics with both practical and revolutionary uses.

There are many ways entrepreneurs are leveraging science into success. Some call the thinking behind these types of businesses "biohacking" because of the way they reference biological processes in a bid to build better products. Others prefer the terms "synthetic biology" or "next-gen biotech." All are colloquial catchalls for companies that hinge on work done in small, nonindustrial labs—or even those that use an offbeat scientific rationale to improve health.

Whatever you call it, the market for biology-driven businesses is gaining traction in a big way.

A 2014 report from Allied Market Research predicted that the global synthetic-biology market would grow to $38.7 billion by 2020. Anecdotal evidence also paints a rosy picture: Witness the rise of Bulletproof Coffee—that is, butter in your morning java—which has garnered international attention and support from celebrity investors such as Tim Ferriss. (Claims that the concoction can accelerate weight-loss and improve mental focus are unproved.) "Functional" beverage products such as alkaline and maple water are now available at Trader Joe's and other mass-market stores. Again, these are often purported to have health benefits. Soylent, a meal-replacement drink, even touts itself as the end of food as we know it—and has notched more than $20 million in investment from the likes of Andreessen Horowitz.

In fact, the "synbio" industry is exploding with startups, venture money and ideas, according to Nancy Kelley, president and CEO of Nancy J Kelley + Associates, a New York City-based consulting firm. "It's all about the democratization of science," she says. "It's a revolution just like what we saw years ago in the computer industry; anybody has the ability to use biology to do something interesting."

One of the reasons for this meteoric growth: decreasing costs to entry. Nothing demonstrates this better than a look at the price of sequencing genomes. According to the journal *Nature,* in 2008 the cost of sequencing a person's genome was about $10 million; today the expense hovers around $1,000, and that price is expected to continue to drop. This means people with big ideas don't need to spend big money to turn a concept into a product.

But these changing economics are only part of the story. Ryan Bethencourt, program director and venture partner at San Francisco's Indie.Bio, the nation's first synthetic-biology accelerator, says that when one applies cost reductions to Moore's

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Photographs by Dan Forbes

Law (the concept that digital technology will increase in power at an exponential rate), the landscape of business opportunities is limitless. "If you consider how far we've come in the context of how much farther we're going to be capable of going, it boggles the mind," Bethencourt says. "In the past, biology has been a backwater type of activity—a bunch of nerds in a lab. Now this is the new reality for everyone."

If anybody has a pulse on the next-gen biotech market, it's Bethencourt. Since launching in 2014, Indie.Bio has helped more than 75 companies. The assistance may take the form of mentorship, as with Bolt Threads, or some companies may join the accelerator. Indie.Bio's model is simple: All participants in the U.S. program (there is another in Ireland) receive $200,000 in seed funding, plus $50,000 in lab space and supplies, as well as mentorship.

However they take flight, synthetic-biology startups have implications for a number of fields. FREDsense Technologies, a Calgary, Alberta-based outfit, has built sensors that detect chemicals in drinking water. As COO David Lloyd explains, the tool will enable communities and other stakeholders to make more informed decisions about water management.

"With this information, you can identify and respond to potential water-quality issues quickly—something that is not possible with existing methods," he says. "The approach can change everything."

Despite all the opportunities in synthetic biology, challenges to commercializing products in the space are significant. First on the list: marketing. Ethics are an issue; most of these companies are manipulating cells or DNA in some way, and some potential customers have concerns. The second issue is separating style from substance; as biohacking becomes part of our vernacular, it can be difficult to discern which efforts actually are worthy of attention. Another challenge for synbio companies is staying ahead of the curve. Bethencourt says that because so many are now dabbling in this space, it behooves entrepreneurs to figure out ways to get in, get their companies together, get funded and get to market without delay.

Ultimately, this is a solid strategy for survival in any industry. Chalk it up to another thing we've learned from biology. —MATT VILLANO

Cutting the Cords

JUST AS WI-FI KILLED ETHERNET CABLES, WIRELESS CHARGING WILL KILL USB

When Wi-Fi gained dominance over the Ethernet cable, it obviated the need to plug in for an internet connection. So have you ever wondered why device charging still largely relies on USB cords?

With the rise of wireless charging, that is starting to change. Here's how it works: There's a base, connected by wire to an electrical outlet, with a magnetic field that varies constantly. That variance vibrates a receiver in the device, powering the battery. Plop your phone down on a desk with such a base, and it automatically charges.

It's a century-old idea, first put to use in motors and generators during the industrial revolution. These days the push is toward implementation in personal devices, with more than 200 brands—including Microsoft, Samsung, LG Electronics and Verizon—agreeing to a standard for chargers called Qi. The latest bump came this past spring, when IKEA introduced furniture with built-in wireless chargers and charging pads.

These protocols and deals are starting to equal serious market penetration. In 2014, 55 million devices shipped that charged wirelessly. A year later that number had tripled to 160 million, accounting for $1.7 billion in sales, according to research firm IHS, which predicts an $8.5 billion market by 2018. The proliferation will extend from personal devices like phones, the Apple Watch and laptops to appliances, cars and especially to major infrastructure in offices and public places, such as airports and restaurants.

One company that's benefiting is Toronto-based ChargeSpot, which uses teams of integrators to retrofit offices and commercial spaces for utilization of wireless power. The company provides the hardware and an integrated back-end solution, so it can monitor charging performance, update security and firmware, and give offices or franchisees (there are ChargeSpots in a chain of Toronto coffee shops called Second Cup) a web portal that acts as an integrated management system. Co-founder and CEO Mark Goh says a business can use the system to provide rewards, such as a coupon popping up on a user's phone, and adds that ChargeSpot is being piloted at a chain of hotels.

Other companies in the space are Aircharge, a U.K.-based outfitter whose chargers are in some Emirates airlines first- and business-class lounges; the company also inked a deal earlier this year to deploy 600 Aircharge stations in McDonald's restaurants throughout the U.K. Kube Systems, a New York-based supplier, is quickly gaining the lead in the hospitality sector; it outfitted 29 Marriott Hotel lobbies with wireless charging in 2014 and has since rolled out Kube portable charging systems at select Sheraton, Vail Resorts and Four Seasons properties. Kube is also taking advantage of brisk Apple Watch sales by rolling out a product that can simultaneously charge the watch as well as a phone, so travelers don't have to pack cables.

Perhaps the biggest movement is in automotive. A study by IHS suggests that there will be widespread adoption of wireless charging by nearly all automakers. Toyota has taken the early lead in offering Qi charging in its Camry and Tacoma models, as well as in Lexus products; now the Germans are giving chase, with BMW offering Qi on its newest 7 Series, and Audi in its Q7 SUV. IHS predicts the market for in-car wireless to grow to $600 million by 2020.

—MICHAEL FRANK

IT'S ALL IN THE DELIVERY

Meal kits have taken off in a big way. But are there too many cooks in the kitchen?

Home delivery of freshly prepared meals, meal kits and provisions took off in 2015, with dozens of new ventures kicking into gear, each with its own spin on convenient, healthful food. Get ready for a shakeout in 2016: Too many concepts supported by too little market research have been funded with too much money. It's a scramble already.

Good Eggs, a farm-to-home grocery-delivery service with $50 million in venture funding, laid off 140 of its 300 employees at the end of the summer, shuttering its service in Los Angeles, New York and New Orleans to focus on San Francisco, where it launched in 2011. Customized food delivery "is really challenging to do right," says a Good Eggs rep. "We scaled up too quickly, before we were a proven success."

Still, the opportunity with local food-delivery services is real, say analysts, who believe Americans want healthful, convenient options for dinner. The sector could generate U.S. sales of $3 billion to $5 billion by 2020, according to Bob Goldin, executive vice president of Technomic, a food-industry research firm. "There is room for enterprises that deliver unique values to people."

The consumer demand surprised Danielle Gould, founder and CEO of Food+Tech Connect, a community for technology and innovation. "At first, I was skeptical of the model; I thought people would use it once or twice, then just search for recipes and shop for ingredients on their own. That hasn't been the case. The demand has been phenomenal. It's about convenience. Home-cooked meals without effort."

For deep-pocketed investors, there is the tantalizing prospect of disrupting the $1.4 trillion U.S. food industry. "Everyone is rushing to place their bets," Goldin says.

In the delivery sector, Blue Apron has raised $193 million since its 2012 launch, for an estimated $2 billion valuation. This pales when compared with the $278 million invested in Hello Fresh since its launch the same year, according to CrunchBase. Munchery has scored $125 million since 2011; Plated and Sprig have each raised $56 million in the last year or two.

"There have always been high-end, get-what-you-want-when-you-want-it food services," says Tri Tran, co-founder and CEO of Munchery, a chef-driven delivery service operating in Los Angeles, San Francisco, New York and Seattle. Smartphones changed the food-delivery game, he says, facilitating remote ordering and payment.

Munchery clients click through pictures of meals with nutritional and ingredient data and pay online for same-day delivery. The meals are made that day in a central kitchen and arrive cold to be reheated. Tran says that with scale and process efficiencies, he has brought the average meal price below $12, the norm for most of the new delivery services.

And that's a problem: It's too expensive for average folks. Specialization is key, says Brian Todd, president and CEO of the information service Food Institute. "Hit a niche: vegetarian, vegan, gluten-free or a special-need group like diabetics." Also, startups should consider new markets; with everyone focused on San Francisco and New York, second-tier cities are underserved.

That's what Jan Leife thought when he launched Just Add Cooking in 2013 in Boston. He moved from Sweden, where home-delivered meal kits have been popular for a decade. His customers select from seven new recipes each week; kits include all ingredients, premeasured to fit that recipe. The food is local, fresh and delivered the day it's packed.

The venture has been more costly than Leife anticipated, but the opportunities seem enormous when compared to Europe. "I

didn't realize how much investment money was available," he says, "but you need a warm introduction to have access to those investors. How do you do that if you don't have a network?" Leife says he has spent "many, many hours getting to know people."

Moving into the nonprofit incubator CommonWealth Kitchen, which houses 50 food ventures, helped, and Leife has raised undisclosed funds from investors including Fresh Source Capital.

"To be honest," Leife says, "it has been much more complicated than I thought it would be—getting all of the recipes together, finding all of the ingredients, premeasuring everything. It's a lot of small things."

Indeed, logistics is the business. "Local food producers drop off food at our hub based on orders," says the Good Eggs rep. "It is packed up and then delivered to customers. A storm can disrupt things. A broken oven at one of our purveyors can mean a disappointed customer."

So the best advice may be: Grow slowly. Know your customer. And understand how complicated it will be to get people exactly what they want. —CORIE BROWN

Up, Down and Sideways

HORIZONTAL OR VERTICAL? THE NEW THINKING IN LEADERSHIP STRATEGY IS A PERFECT MIX.

The light bulb went on for Jeff Greenfield, co-founder and COO of media analytics firm C3 Metrics, on a rare vacation. It was the first one he had taken unplugged, without his phone or computer; his major activity while in Camden, Maine, turned out to be sleeping. One day he conked out at 5 p.m.

This prompted his wife to suggest that he shed some entrepreneurial hats. In the crystallizing absence of digital distractions, he realized she was right. "It was time for me to step away," says Greenfield, whose Portsmouth, N.H.-based company uses sophisticated software and algorithms to measure the effectiveness of advertising. "I told myself I'm not going to be reactive anymore."

He removed himself from the help desk and from having a hand in every sales lead, and made a decision that terrified him: He hired a virtual assistant to manage his email. "I was so nervous about it because I was giving up control," he says. "But I was spending all my time on the inbox and not on the growth of the company. It freed up time to think."

In the month since he stepped back from being a micromanager and started focusing on longer-term and strategic thinking, he has uncovered opportunities that he estimates could double or triple C3's revenue, which now tops $5 million.

Greenfield's shift is part of a natural cycle of entrepreneurship, in which the seat-of-the pants mode of leadership that worked in the startup phase begins to erode as the venture takes on more employees and customers than founders can physically handle. It's at this point, management experts say, that leaders should shift from the skills-based, reactive approach of "horizontal" leadership to big-picture strategies, known as "vertical" leadership. Vertical leaders step outside the operational fray to do the critical thinking needed for bigger goals and to navigate increasing complexity. It's a role associated with more traditional command-oriented structures.

Some argue that horizontally led companies are more flexible and collaborative in a fast-paced world. "Not only does horizontal leadership allow the company to scale and grow rapidly; it also fosters creativity, innovation and an environment where everyone feels they can create something and contribute," says Greg Schott, CEO of MuleSoft, a San Francisco software company valued at $1.5 billion.

The horizontal approach is more egalitarian. It puts leaders on the front lines, builds autonomy, keeps management layers trim and offers feedback from all levels. The Asian style of collective management, for instance, is more horizontal, while Americans emphasize the vertical side and the individual superstar.

Vertical leaders are the visionaries who fire up the troops and guide the team to the promised land of growing horizons. Almost all the fabled entrepreneurial leaders are vertical types: Steve Jobs, Richard Branson, Steve Case. Horizontal leaders are so immersed in day-to-day operations that they seldom rise to public notoriety.

So which approach is better? It's no mystery to management scholars. "Unless you make the switch to vertical leadership, you can't grow the company into a major enterprise," says George Haley, director of the Center for International Industry Competitiveness at the University of New Haven.

"Very few entrepreneurs can scale the companies they've founded and cannot, therefore, transition to vertical leadership," says Stephen Andriole, Thomas G. Labrecque professor of business at Villanova University. "Many of the ones I've worked with mock org charts as old-school, even though their customers, investors, suppliers and channel partners cannot function without clean organization charts that make it crystal clear who's in charge, accountable and responsible."

The real goal, experts say, should be a mix of both styles of leadership among multiple people. "Skill-building in an ongoing way or creating an organization full of people who are continually learning is a necessity in the 24-hour global business climate. Looking up and out or thinking long term is also a necessity," says Karissa Thacker, a psychologist and management consultant at Strategic Performance Solutions.

Nick Petrie, a consultant at the Center for Creative Leadership, agrees. "The most successful and fastest-growing entrepreneurs are the ones getting vertical and horizontal growth at the same time," he says. "My experience is that entrepreneurs who choose one type of growth over the other go out of business."

One way leaders can expand beyond horizontal thinking and begin to bring vertical perspective to the fore, Thacker says, is to build in two 15-minute deep-thinking sessions a day to plan and ask critical questions: What's the most important thing the company needs to accomplish today? This week? What's going on in our market and with our customers? Then: What should we be paying attention to internally?

Don't think you don't have time. Greenfield used to think he didn't. Now, he says, "I'm thinking like a real executive—long term." —JOE ROBINSON

The Cuban Quandary

RELATIONS ARE THAWING, BUT ENTREPRENEURS SHOULD TREAD LIGHTLY

Fewer than 100 miles of ocean separate the U.S. and Cuba, but the nations have spent the last five decades in different worlds. Ever since John F. Kennedy signed Presidential Proclamation 3447 on Feb. 3, 1962, declaring "an embargo upon all trade" in response to Cuba nationalizing U.S.-owned Cuban oil refineries without compensation, Americans have been effectively blocked from doing business in the country.

That's finally changing. On Dec. 17, 2014, President Obama announced plans to renew diplomatic relations, pledging to ease trade and financial restrictions. In July, both countries reopened embassies, and already a handful of U.S. companies, including Verizon, Netflix and Airbnb, have expanded into the Cuban market.

But don't light those celebratory cigars just yet. As of this writing, the Cuban trade embargo is still in force. While rules have relaxed for some imports, travel and telecommunications services, most U.S. firms will not be free to set up shop in Cuba until Congress lifts the embargo, which insiders say is unlikely to happen before Obama leaves office in early 2017.

If and when the U.S. embargo is no more, Americans will face a Cuban government operating on its own unique terms.

"Cuba at the governmental level remains committed to a socialist system. That has many, many implications for how business can be conducted," says Eric Leenson, president of SOL Economics, which strives to nurture socially responsible enterprise across the Americas. "From a Cuban perspective, they're not transitioning from socialism to capitalism. What they're doing is what they call 'updating' their socialist system so that it's more viable. A large part of that means allowing for more private enterprise activities."

Leenson says U.S. businesses mulling entry must learn to function within a socialist framework. That means adapting to strict legislative controls. President Raúl Castro has in recent years taken unprecedented steps to encourage international investment, including steep tax cuts, but while it is now legal for foreign companies to own 100 percent of Cuban-based companies, the market remains dominated by ventures that unite overseas firms with the Cuban government—and in virtually every case, the government seeks a 51 percent ownership stake.

"This stuff is in a state of flux to some extent, because Cubans realize that if their economy is going to start working more sustainably, they need foreign investment. But there's incredible red tape," Leenson says.

The complexities don't end there. While Cuba is greenfield territory for U.S. entrepreneurs, their counterparts from Canada, Europe, Latin America, Israel and China have not been bound by the same embargo restrictions; many are already doing business in Cuba and will fight to protect their interests. Also, the Cuban infrastructure desperately needs improvement: The ground transportation system requires major repairs and upgrades, and an antiquated electrical grid poses enormous problems.

Of course, one entrepreneur's minefield is another's gold mine. "If you can find a way to get a contract to build infrastructure or low-income housing, these are multibillion-dollar opportunities," says Mike Periu, the son of Cuban immigrants and president of Proximo, a Miami-based provider of finance and technology education and training services. "But it's likely the Cuban government is going to take these opportunities, because that's what they do. I've never seen them just give a big opportunity to a Chinese company or Russian company."

Even the Cuban population presents challenges. Periu says most of the 11 million citizens will welcome an influx of U.S. capital, products and services but notes that state workers earn an average of $20 per month. Only 3 million Cubans own mobile phones, and few outside the government have access to broadband, limiting the potential to build digital businesses.

Still another dilemma: "You have teachers, lawyers, doctors and engineers who have studied at Cuban universities, but many of them don't necessarily have practical expertise, because the engineer hasn't actually built a bridge, or the architect hasn't built a building," Periu says. "It could be a challenge. I don't want to sugarcoat this."

Yet despite the red flags, Periu and Leenson agree that savvy U.S. entrepreneurs can succeed in the Cuban market, provided they proceed with caution. "You need to go in and take a thorough look at what's going on," Leenson says. "Don't romanticize what the opportunities are. Don't go in like a bull in a china shop with the idea that 'At any cost, we're going to make it happen this way.' That might work in other countries, but I don't think it will be successful in Cuba. Get the lay of the land, and meet professionals and people in the area of interest that you're in. I think this can be possible." —J.A.

Ag-Tech Becomes Ripe

AS THE MARKET GROWS FOR BETTER FARM DATA, VC FIRMS ARE SEEDING NEW DEVELOPMENTS

With the rise of data-crunching agricultural software, farmers these days are digging as much in data as in dirt.

"It is as frothy as I have ever seen it," Adrian Fortino says of the ag-tech software market. In 2012, as an investor with First Step Fund, Fortino invested in a seed round for FarmLogs, an Ann Arbor, Mich.-based developer of software to help farmers map and predict crop yields, rainfall and other essential data. "But in the course of the last three years, we've seen a dramatic explosion," says Fortino, who now leads the Ann Arbor office of venture capital firm Mercury Fund.

That is due in part to an attitude shift among the farmers themselves. "You always have this adoption curve for technology, and ag is not any different," Fortino says. "There will always be some people who operate on the basis of feel, but more and more people are moving away from farming by feel [alone]."

Investment in ag-tech in 2014 reached $2.36 billion, according to online marketplace AgFunder, and had already reached $2.06 billion

>>

by mid-year 2015. September's Ag Innovation Showcase in St. Louis was the biggest and most diverse in the 6-year-old event's history; organizers tallied that presenting companies raised $430 million.

Fortino says this suggests that industry development is adapting to macroeconomic trends. "If you look at the numbers, by 2050 we will need to double ag production to feed the world," he points out.

Ag software runs the gamut from basic business operations—reducing paperwork, improving productivity and enabling e-commerce—to specialties such as drone and robotic technology for overseeing fields, moisture levels, pesticide and fertilizer usage and equipment, as well as for predicting crop yields and commodity prices.

Jeff Beck, controller of Lagomarsino Group, a Visalia, Calif., grower and commercial real-estate company, says such software has created a massive and rapid shift in his business. "When I started here in 2008, everything was handwritten. It was a huge commitment and a huge waste of time."

Many who've relied on traditional methods are coming around to using software that adds human input for a more complete picture. For example, a computerized model for predicting dairy prices can't always incorporate breaking news, such as a milk-powder scare in China, into its formula. "There are some things that a human does better than a machine," says Mike Neal, co-founder and CEO of DecisionNext, a San Francisco firm that creates software for prescriptive analytics.

Neal says international firms have been more willing to accept that hybrid analytics will make a difference for them, but as U.S. farmers become assured of the safety of the data, they are coming around as well. Those in commodity-based agriculture, such as cattle ranchers, have been earlier adopters than smaller, organic and specialty farmers.

TRENDLETS LITTLE THINGS MAKING BIG WAVES

Personal mobility devices / Cardigans for men / Accessible Scandinavian food / Water conservation / Beacons Smart bags and luggage tags / Hawaiian barbecue / Quick-assembly furniture delivery / Oysters / Lima, Peru Semi-private jets for popular commuter corridors / *Star Wars* everything / Celery / Clothing-boutique trucks Rustic-bread bakeries / Velvet / Rye whiskey / Shark attacks / Off-the-shoulder tops / Multi-vendor food halls Apple CarPlay and Android Auto / Cauliflower / Fantasy sports gambling / Supermodel photo books / Office pods

Just Like Being There

VIRTUAL-REALITY FILMMAKING AS A CATALYST FOR GOOD

In April, mere hours after a 7.8-magnitude earthquake struck Nepal, humanitarian and filmmaker David Darg found himself on a flight to Kathmandu. Along for the ride were six GoPro cameras, a tripod and a 3-D-printed camera rig—all the gear he would need to shoot a virtual-reality film.

The resulting production, *The Nepal Quake Project*—released within two weeks and narrated by Susan Sarandon—was the first VR film shot in a disaster zone, giving viewers a 360-degree look at rescue efforts amid the ruins. Falling rubble had damaged one of the cameras, leaving a blank spot in the visual field, but even so, the film received tremendous media attention. People lined up to see it, then took out their checkbooks and asked what they could do to help the suffering Nepalese.

Until then, RYOT, the media company Darg co-founded in 2012, had released just one VR film, a simulated experience of solitary confinement, which had premiered at the Tribeca Film Festival the month he left for Nepal. That was a good experiment. But the Nepal film was a breakthrough that left some viewers in tears.

Since that "light-bulb moment," Venice, Calif.-based RYOT has made VR—"the truest form of cinéma vérité," according to co-founder Bryn Mooser—a cornerstone of its business. It has released three more brief VR documentaries, including *Welcome to Aleppo,* which takes viewers to the Syrian city's bombed-out streets, echoing with sniper fire.

RYOT's founders forged their bond doing aid work in Haiti following the 2010 earthquake. What began as a film-production company blossomed into a full-fledged media organization, with a news platform, RYOT Films and RYOT Creative, which makes videos for paying clients like Pencils of Promise, a nonprofit that builds schools. COO Molly Swenson says RYOT is looking to fill two voids: providing a news site that doesn't "just make you feel hopeless and depressed," and addressing nonprofits' need to spread awareness of their work "after Anderson Cooper has left the disaster zone."

While hardware limitations remain the biggest obstacle to VR's mainstream adoption, the means to produce and distribute films are better than ever, thanks

Illustrations by Patrick Vale

There's mobile ag-tech, too. Downers Grove, Ill.-based developer Lextech Global Services worked on an iPhone app that would allow one person to load a truck from a grain elevator, rather than two. Lextech advisor John Hennessy says businesses that used the mobile assistant had a more predictable and safer loading process and increased their efficiency by up to 20 percent. Using technology to help schedule truck loading and unloading can reduce the time drivers sit in line.

What's more, farmers can act quickly on data conveyed by mobile apps. "They do not need to wait an hour or a week to get a report. If you suddenly saw trucks come from the fields with strawberries in a higher level of rejection than usual, you can stop harvesting immediately, and not wait until the end of the day," Hennessy says, noting that such decisions immediately cut losses. "The farm world is a more complex and more data-driven world than people expect." —MARGARET LITTMAN

to YouTube adding support for 360-degree video this past March. "That was the moment we were waiting for," Mooser says.

RYOT says revenue for the first half of 2015 was more than double that of the same period the year before. As much as 80 percent of that increase was due to virtual reality. The VR audience is "the most captive audience possible, so the monetization opportunities are huge," Swenson says.

At press time, RYOT had 60 VR films in preproduction, including series in conjunction with another startup, Jaunt VR, which recently raised $65 million from The Walt Disney Co. and others. One joint production is a travel show that gives a tour of the Holy Land; a related "action component" seeks to drum up support for peace-building between Israelis and Palestinians. "What I care about more than the actual film is what you can build around it," Mooser says.

While large media companies are only beginning to harness the potential of digital video, young filmmakers and agile startups are forging ahead with new technologies. The world's first virtual film festival launched a 10-city North American tour in Portland, Ore., in August.

Virtual reality, Swenson says, "is not a gimmick. It's going to change our industry."

—BRIAN PATRICK EHA

LOCKDOWN

Small biz gets serious about cybersecurity

RAM scraping, phishing, keylogging—you may not be familiar with all the schemes hackers use to invade personal data and business systems, but chances are you have been affected in some way by cybercrime—or soon will be. Security firm Gemalto estimates that data breaches increased 49 percent in 2014, and its stats for the first half of 2015 reveal a 10 percent uptick.

Following high-profile meltdowns at Sony, Target, eBay, Ashley Madison, Anthem and even the U.S. government, businesses large and small are having a come-to-Jesus moment about cybersecurity. And there are plenty of well-backed companies hoping to help navigate the maze of threats; cybersecurity startups have seen $4.6 billion in investment in the last two years alone, according to CB Insights.

"The media has done a great job of scaring people, hackers have done a good job at hacking and there has been a good amount of activism to help people understand the risks," says Jean Yang, co-founder of Cybersecurity Factory, an incubator at the Massachusetts Institute of Technology. "Customers are demanding more security and privacy."

Darren Guccione and Craig Lurey saw potential in the advent of the iPhone. In 2009 they launched a free version of the Keeper app, which creates and encrypts random passwords, storing them in a "vault" where thieves can't find them. It's now a subscription service with 8.5 million users; an enterprise version of the software is due in the new year. "Our users have been early adopters up to this point," Lurey says. "But companies are starting to realize how extremely vulnerable they are. If you have one person with one bad password, then you have the Target breach. They realize this kind of product is important."

Also focusing on mobile is cloud company Lookout, which has more than $280 million in funding. Its system scans for malware and other threats, providing protection against risks introduced by the mobile devices in an enterprise's network. "A lot of places don't let employees conduct business on their phones, which really affects productivity," says co-founder and CTO Kevin Mahaffey. "We won't be satisfied until we allow every enterprise to use mobile devices safely. We, and everyone else, have a long way to go."

One issue is lack of collaboration; rather than warning others about cyber attacks, companies try to hide breaches. Paul Kurtz is addressing this with TruStar Technology, a global anonymous cyber-incident-sharing platform for enterprises. "No one is immune," he says. "Lots of boards of directors are getting anxious and realize they have to manage cybersecurity more effectively. There are dramatic consequences from failure." —JASON DALEY

A D of

Heidi Neck is a professor of entrepreneurial studies at Babson College.

Is a business degree worth the time and expense?

Photograph by Guido Vitti

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Uncertainty

Vivek Wadhwa holds posts at Stanford, Duke and Singularity University.

We asked two researchers to weigh in.

By Jason Daley

Photograph by Melissa Kaseman

Can going to school make you an entrepreneur? It's a burning question for people deciding whether to jump straight into business or spend years—and a lot of money—on a degree from one of more than 2,000 U.S. colleges and universities that offer entrepreneurship courses. While there's no shortage of opinions arguing both sides, there's no consensus. So we sat down with two researchers to get their take.

Heidi Neck is the Jeffry A. Timmons Professor of Entrepreneurial Studies at Babson College in Wellesley, Mass., and director of the Babson Entrepreneurship Experience Lab. She is co-author of *Teaching Entrepreneurship: A Practice-Based Approach.*

What do students get from entrepreneurship programs?

Things are changing, and students are finding that what they learn has transferability to organizations of all types and sizes. When you look five or 10 years out, that's when students have a greater propensity for starting businesses. We have a glamorized view of what entrepreneurship is; in profiles and magazines we're seeing a small percentage of really successful entrepreneurs who are living the good life now. In the education setting, students realize just how difficult it actually is. I like the realism we can bring to it.

Are students failures if they don't start a business right after graduation?

We teach entrepreneurship in the context of starting a business, but we have students who graduate and don't start a business, and I don't think that's a failure of the program. They're coming out with a more integrated mindset around business instead of some functional expertise. Some go into consumer products companies, some go into consulting, some go to Wall Street. Years back, students were afraid to say they were focusing on entrepreneurship. Now corporations are looking for students like that.

"Years back, students were afraid to say they were focusing on entrepreneurship."

How has the view of entrepreneurship education evolved?

Historically, if you look back at the 1980s and '90s, the focus was on small-business management and the traits of entrepreneurs. Now that researchers are giving up the idea that there are character traits that separate entrepreneurs from others, it has evolved into more of a process view: What is the process of starting a business?

I would say in the last five years there's been more emphasis on acting in order to learn—getting out there, testing your ideas—not simply making a business plan. I like to say we're teaching students how to practice entrepreneurship, which circles back to the

Photograph by Guido Vitti

question of the value of entrepreneurship education. We're giving students an environment in which to practice different aspects of entrepreneurship where the cost of failure is not as great as it would be outside on their own.

Are there other advantages to studying entrepreneurship?

I think it's meeting peers, which helps students with networking and with filling out their teams. Students are also looking to the faculty for guidance and access to faculty networks. The institution's role is not only to connect them inside but to connect them to the appropriate networks outside. And of course there's the alumni network. Our alumni are always coming back to find out how they can help in the classroom or to find students to bring into their organizations.

So you don't really believe someone can become an entrepreneur by reading a book?

It all goes back to the practice. As we get more comfortable with doing something, we learn more about it. Doing it may tell a student that they don't want anything to do with entrepreneurship, or that they would be more comfortable working in a corporation with an innovation arm. They won't ever get that feeling by reading a book. I'm a huge proponent of doing in order to learn vs. learning in order to do. I think this generation is expecting to be engaged around entrepreneurial education, and if they're not, there's very little return on investment. At Babson, it's a campus-wide thing. We don't tolerate passive learners very well.

Vivek Wadhwa is a fellow at the Stanford University Rock Center for Corporate Governance, research director for Duke University's Center for Entrepreneurship and Research Commercialization and vice president of innovation and research at Singularity University. He is the author of *The Immigrant Exodus: Why America Is Losing the Global Race to Capture Entrepreneurial Talent* and *Innovating Women: The Changing Face of Technology.*

Is entrepreneurial education worthwhile?

I would have answered this question differently a while ago, but I realized living in Silicon Valley, you can skip school, because this is school. Everyone around you talks and walks and thinks about entrepreneurship. You can join a startup in downtown Palo Alto or San Francisco, and you'll learn it on the job. If you live anywhere else, you'd better go to school, because you don't have the people around you; you don't have the sharing network you have here. It's really that simple.

What's the problem with entrepreneurship education?

Most of the schools are still backward. They are still teaching business plans and how to raise venture capital and stuff like that. That's '90s stuff. Now it's about lean startups, iterations, using exponential technology, and it's about building apps. If you can find the right school that teaches these things, you're all set. But I would not go to a traditional school, and I would look at the curriculum. If they have "business plan" or "business plan competition" on

Photograph by Melissa Kaseman

“Anyone can become an entrepreneur. You’re not born an entrepreneur. You could have advantages depending on where you’re born, but you learn by doing.”

there anywhere, dump it.

These days, people can learn most of it online. You have access to so many resources. You don’t have to go the traditional route anymore. I would do some education because you need it, but I wouldn’t go overboard and think, If I go to school for three or four years, I’ll come out an entrepreneur. No, you can’t.

Part of being an entrepreneur is having the ability to take risks and having a burning passion in your heart to change the world, and if you’re ready to take the risk, you’re a real entrepreneur. If you want to go to business school and take the traditional route, you’re hedging your bets. I’m not against going to business school, but for most people it doesn’t make sense. It’s not the risky thing to do.

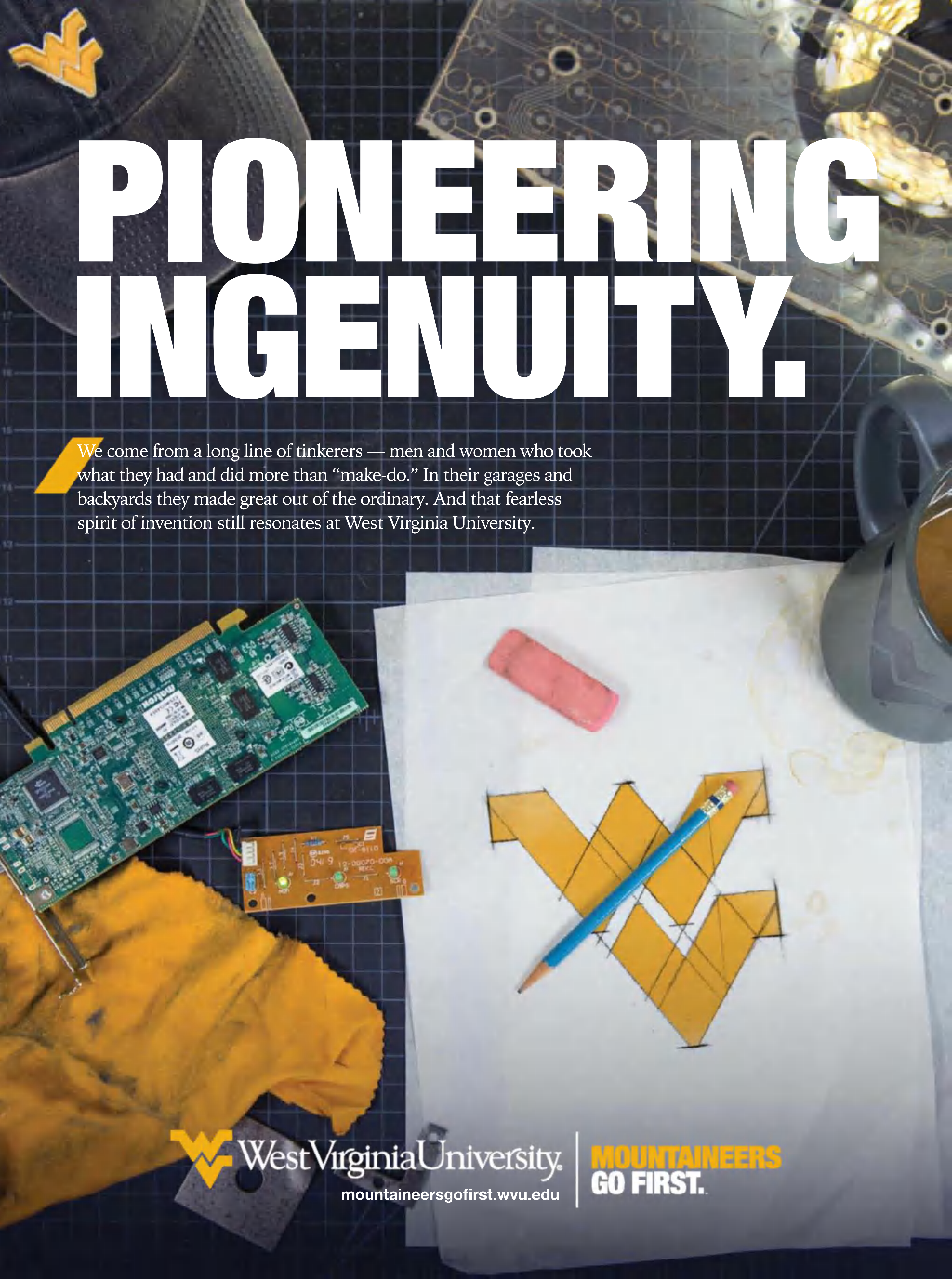
Undergrad is foundational, and my advice is always to do a degree in whatever field you’re excited about. But you do an MBA if you want to join an investment bank, not if you want to launch a lean startup.

Are you saying some people are just born entrepreneurs?

No. Anyone can become an entrepreneur. You’re not born an entrepreneur. You could have advantages depending on where you’re born, but you learn by doing. That’s the best thing. You can learn a lot of things in advance, but there is no experience quite like doing it.

What kinds of people make successful entrepreneurs?

In my research we documented that the average and median age of a tech entrepreneur is 39. There are twice as many entrepreneurs who are older than 50 than younger than 25. Age provides a distinct advantage. The young may be able to build some silly social media apps, but you need experience to achieve success. That’s what I documented, and it hasn’t changed. In Silicon Valley, you meet lots of people in their 40s, 50s and 60s. Facebook is a bunch of “old” people. Google is a bunch of “old” people. It’s an advantage to have already achieved success in life. Learning on the job is the most valuable thing in entrepreneurship. □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Business Studies

The Princeton Review ranks the top entrepreneurship programs at U.S. schools

Photographs by Brian Finke

Maybe you've got drive and ideas, but you're lacking in a few business fundamentals. If you're ready to hit the books and study entrepreneurship, there are plenty of schools to choose from and a variety of factors to consider. To help get your education started, we present the annual Princeton Review of the top 25 graduate and top 25 undergraduate programs offered at U.S. institutions.

Methodology

The Princeton Review surveyed more than 2,000 undergraduate and graduate schools from May through August 2015.

Academics and Requirements

Schools were asked if they offer an entrepreneurship program, major, minor, dedicated center for entrepreneurship or courses in the subject and to specify the total number and type of classes offered. Other academic requirements that affect the ranking include availability of internships, externships, experiential and cooperative learning and consulting opportunities for small-business owners. Schools were also asked whether their program uses a team-driven approach in which students from various disciplines are paired together.

Students and Faculty

Schools were asked about the number of students enrolled in entrepreneurship offerings and what percentage of the total student body was enrolled in an entrepreneurship-related course. Schools were asked what percentage of entrepreneurship students developed an actionable plan to launch a business while at the school. They were asked for the number of companies started by graduates over the last five and 10 years, how many of those companies are still in business and how much funding those businesses have raised. They were asked the percentage of the entrepreneurship faculty that had started, bought or run a business and the number of faculty members teaching entrepreneurship courses. Schools were also asked for the number of departments represented by entrepreneurship faculty.

Outside the Classroom

Schools were asked whether they have partnerships with other schools that allow access to their entrepreneurship programs. They were asked for the number of officially recognized clubs and organizations for entrepreneurship students. Other questions concerned the scope of entrepreneurial scholarships and the number of individual mentors who worked with students through a school-sponsored program. Schools were also asked if they host an annual business plan or new-venture competition, hackathon, pitch deck or startup weekend, among others, and the amount of the available prize money, as well as the total amount of prize money won at any competition in which their students participated.

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NATIONALLY — NINE YEARS IN A ROW

$145,000
IN CASH PRIZES AWARDED IN UNIVERSITY SPONSORED COMPETITIONS

$2.4
MILLION — THE GRANT THE KERN FOUNDATION GAVE UD TO FOSTER ENTREPRENEURSHIP

140+
THE NUMBER OF FOR-PROFIT COMPANIES STARTED BY STUDENTS DURING OUR SOPHOMORE EXPERIENCE

4th
LARGEST STUDENT-RUN BUSINESS IN THE NATION — FLYER ENTERPRISES

$220,000
THE AMOUNT OUR STUDENTS HAVE INVESTED IN LOCAL TECH COMPANIES THROUGH FLYER ANGELS

29
NUMBER OF ENTREPRENEURSHIP-SPECIFIC CLASSES OFFERED

98%
THE PERCENTAGE OF OUR BUSINESS STUDENTS WHO FIND SUCCESS WITHIN SIX MONTHS OF GRADUATION

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Graduate

2015 rank		Approx. tuition	Approx. in-state tuition	% of entrepreneurship faculty who have started, bought or run a business	No. of companies started by graduates from classes of 2010 to 2014	Prize money won at competitions in 2014-15
1	**Harvard Business School** Arthur Rock Center for Entrepreneurship, *Boston*	$58,875	N/A*	55	77	N/A
2	**Babson College** Arthur M. Blank Center for Entrepreneurship, *Babson Park, Mass.*	$63,070	N/A	100	549	$25,000
3	**The University of Chicago** Polsky Center for Entrepreneurship and Innovation, *Chicago*	$58,760	$52,200	44	202	$726,500
4	**University of Michigan** Ross School of Business, Zell Lurie Institute; College of Engineering, Center for Entrepreneurship, *Ann Arbor, Mich.*	$57,200	$52,200	37	153	$59,500
5	**Northwestern University, Kellogg School of Management** Kellogg Innovation and Entrepreneurship Initiative, *Evanston, Ill.*	$61,596	N/A	72	172	$1,077,800
6	**Rice University** The Rice Alliance for Technology and Entrepreneurship, *Houston*	$51,400	N/A	100	27	$71,500
7	**Brigham Young University** Rollins Center for Entrepreneurship and Technology, *Provo, Utah*	$11,280	N/A	89	55	$661,250
8	**The University of Texas at Austin** Herb Kelleher Center for Entrepreneurship, MSTC & Texas Venture Labs, *Austin*	$48,832	$33,298	95	95	$5,750
9	**Baruch College, The City University of New York** Lawrence N. Field Programs in Entrepreneurship, *New York*	$24,795	$12,770	100	500	$97,340
10	**Temple University** Innovation and Entrepreneurship Institute, *Philadelphia*	$40,797	$29,079	100	126	N/A
11	**The University of South Florida** USF Center for Entrepreneurship, *Tampa, Fla.*	$20,600	$11,216	90	365	$35,750
12	**University of Oklahoma** Center for Entrepreneurship, *Norman, Okla.*	$21,920	$5,676	80	15	$4,000

**N/A indicates information not available or not applicable*



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We give our students the opportunity to experience it as they develop real business plans to take to market and engage with customers. They celebrate successes and learn from failures. They create and innovate.

We pair students interested in entrepreneurship with veterans of the business world, who act as mentors and provide insight that can't be found anywhere else. Our students also work with campus researchers to commercialize plans for their technologies, with this partnership leading to nine podium wins in national business plan competitions in 2014.

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Fully Loaded Business studies don't have to be all work and no play. A few of the institutions with top entrepreneurship programs also ranked on The Princeton Review's list of top party schools. So where can you go to get buzzed while you get busy? Check out Syracuse University (No. 5 on the Princeton list of top party schools), Lehigh University (No. 11) or Miami University (No. 19).

Graduate

2015 rank		Approx. tuition	Approx. in-state tuition	% of entrepreneurship faculty who have started, bought or run a business	No. of companies started by graduates from classes of 2010 to 2014	Prize money won at competitions in 2014-15
13	**University of Virginia, Darden School of Business** Batten Institute for Entrepreneurship and Innovation, *Charlottesville, Va.*	$54,698	$52,380	100	65	$42,250
14	**University of North Carolina at Chapel Hill** Center for Entrepreneurial Studies, UNC Kenan-Flagler Business School, *Chapel Hill, N.C.*	$52,470	$34,015	96	NA	$5,000
15	**DePaul University** Coleman Entrepreneurship Center, *Chicago*	$36,000	N/A	100	79	$29,000
16	**University of Washington** Buerk Center for Entrepreneurship, *Seattle*	$43,086	$29,250	79	148	$61,500
17	**Eccles School of Business, University of Utah** Lassonde Entrepreneur Institute, *Salt Lake City*	$43,296	$24,416	70	52	$821,145
18	**University of Maryland** Academy for Innovation & Entrepreneurship, *College Park, Md.*	$45,765	$38,475	55	16	$12,000
19	**Saint Louis University** Entrepreneurship Program, *St. Louis*	$52,035	N/A	68	43	$18,000
20	**Syracuse University, Martin J. Whitman School of Management** Department of Entrepreneurship & Emerging Enterprises, *Syracuse, N.Y.*	$38,820	N/A	100	205	$187,000
21	**Washington University in St. Louis** Skandalaris Center for Interdisciplinary Innovation and Entrepreneurship, *St. Louis*	$51,500	N/A	50	29	$55,000
22	**University of Rochester** Center for Entrepreneurship, *Rochester, N.Y.*	$51,667	N/A	77	31	$15,000
23	**Oklahoma State University** School of Entrepreneurship, *Stillwater, Okla.*	$15,652	$4,026	19	61	$7,500
24	**University of Arizona** McGuire Entrepreneurship Program, *Tucson, Ariz.*	$40,220	$23,238	N/A	9	$63,750
25	**Columbia Business School, Columbia University** The Eugene Lang Entrepreneurship Center, *New York*	$63,148	N/A	N/A	N/A	N/A

Undergraduate

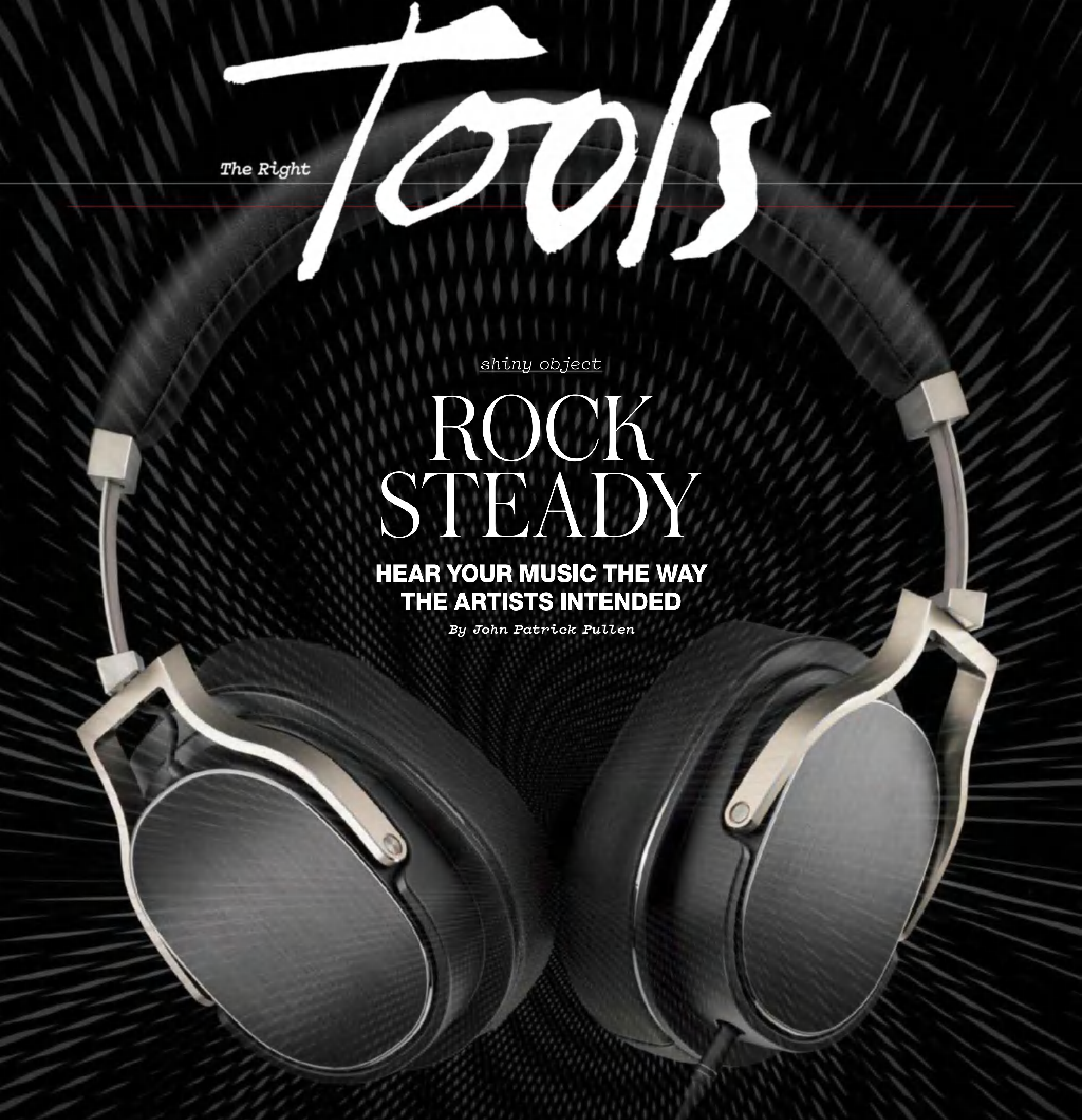
2015 rank		Approx. tuition	Approx. in-state tuition	% of entrepreneurship faculty who have started, bought or run a business	No. of companies started by graduates from classes of 2010 to 2014	Prize money won at competitions in 2014-15
1	**Babson College** Arthur M. Blank Center for Entrepreneurship, *Babson Park, Mass.*	$46,784	N/A	100	278	$28,000
2	**Brigham Young University** Rollins Center for Entrepreneurship and Technology, *Provo, Utah*	$5,150	N/A	90	145	$690,500
3	**University of Houston, C.T. Bauer College of Business** Cyvia and Melvyn Wolff Center for Entrepreneurship, *Houston*	$23,424	$9,564	100	85	$38,000
4	**Baylor University** Department of Entrepreneurship, *Waco, Texas*	$36,360	N/A	100	100	$2,500
5	**Northeastern University** Entrepreneurship & Innovation, and the Northeastern University Center for Entrepreneurship Education, *Boston*	$42,534	N/A	58	547	$100,000
6	**Bernard Baruch College, The City University of New York** Lawrence N. Field Programs in Entrepreneurship, *New York*	$16,800	$6,330	94	1,000	$272,560
7	**University of Michigan - Ann Arbor** Innovate Blue, *Ann Arbor, Mich.*	$44,674	$14,401	38	248	$387,500
8	**Temple University** Innovation & Entrepreneurship Institute, *Philadelphia*	$24,432	$14,406	90	157	$46,500
9	**University of Oklahoma** Center for Entrepreneurship, *Norman, Okla.*	$17,682	$4,296	78	58	$52,000
10	**University of Maryland** Academy for Innovation and Entrepreneurship, *College Park, Md.*	$29,300	$8,152	43	22	$25,750
11	**Miami University** Institute for Entrepreneurship, *Oxford, Ohio*	$30,233	$13,533	52	38	$321,720
12	**DePaul University** Coleman Entrepreneurship Center, *Chicago*	$35,680	N/A	100	78	$12,000
13	**Syracuse University, Martin J. Whitman School of Management** Department of Entrepreneurship & Emerging Enterprises, *Syracuse, N.Y.*	$41,794	N/A	100	205	$187,000


BRIGHAM YOUNG UNIVERSITY
RANKED
TOP 10
for both graduate and undergraduate programs
6 YEARS
RUNNING
rollins center for
ENTREPRENEURSHIP
& TECHNOLOGY
brigham young university
learnearnreturn.com
BYU
MARRIOTT SCHOOL

Undergraduate

2015 rank		Approx. tuition	Approx. in-state tuition	% of entrepreneurship faculty who have started, bought or run a business	No. of companies started by graduates from classes of 2010 to 2014	Prize money won at competitions in 2014-15
14	**Loyola Marymount University** Fred Kiesner Center for Entrepreneurship, *Los Angeles*	$41,876	N/A	100	100	$20,000
15	**The University of Dayton** L. William Crotty Center for Entrepreneurship, *Dayton, Ohio*	$39,090	N/A	75	52	$46,251
16	**Belmont University** Center for Entrepreneurship, *Nashville, Tenn.*	$28,600	N/A	83	83	$10,350
17	**Clarkson University** Reh Center for Entrepreneurship, *Potsdam, N.Y.*	$43,690	N/A	57	105	$422,210
18	**Washington University in St. Louis** Skandalaris Center for Interdisciplinary Innovation and Entrepreneurship, *St. Louis*	$47,300	N/A	61	43	$145,000
19	**University of Washington** Buerk Center for Entrepreneurship, *Seattle*	$33,072	$10,768	89	157	$65,020

2015 rank		Approx. tuition	Approx. in-state tuition	% of entrepreneurship faculty who have started, bought or run a business	No. of companies started by graduates from classes of 2010 to 2014	Prize money won at competitions in 2014-15
20	**Texas Christian University** Neeley School of Business - Neeley Entrepreneurship Center, *Fort Worth, Texas*	$40,630	N/A	44	79	$4,500
21	**University of North Carolina at Chapel Hill** Chancellor's Office of Innovation and Entrepreneurship, *Chapel Hill, N.C.*	$31,505	$6,423	50	N/A	$100,500
22	**Lehigh University** Baker Institute for Entrepreneurship, Creativity and Innovation, *Bethlehem, Pa.*	$45,860	N/A	60	158	$18,050
23	**Monterrey Institute of Technology and Higher Education** Eugenio Garza Lagüera Entrepreneurship Institute, *Monterrey, Mexico*	N/A	N/A	61	425	$433,565
24	**Eccles School of Business, University of Utah** Lassonde Entrepreneur Institute, *Salt Lake City*	$24,955	$7,130	50	145	$268,023
25	**University of Arizona** McGuire Entrepreneurship Program, *Tucson, Ariz.*	$28,416	$9,952	57	22	$12,250



shiny object

ROCK STEADY

HEAR YOUR MUSIC THE WAY THE ARTISTS INTENDED

By John Patrick Pullen

REALITY CHECK: The fact that you're streaming songs from the cloud means you're listening to a mess of facsimiles of the original recordings. Short of reripping all your CDs at a higher bit rate or repurchasing high-def versions of the digital library on your phone or computer, there hasn't been much you could do about it. Enter the magnet-powered **Oppo PM-3 headphones** ($399), which can resurrect the quality of your jams.

At the heart of these cans is an old-school planar magnetic driver, a speaker technology lauded by audiophiles for emitting consistent sound, where the high notes are never too high, the lows never too low. Until Oppo began reengineering the 1970s technology, planar magnetic headphones were bulky and leaked sound like a sieve. But the comfortable PM-3s weigh just over 11 ounces and have a closed cover, which means your playlist won't get up in your co-workers' business. The result: headphones that produce smooth, balanced, rich audio in which every nuance can be heard without distortion (although a little light on bass for our taste).

What's the trade-off for this retro tech? The PM-3s lack Bluetooth connectivity and noise-cancellation technology—the norm in office-friendly audio gear. But keep in mind that while those conveniences may sound great on paper, they don't produce beautiful music. PM-3 headphones do. □

Photograph by Andrew Bettles

the stat:

4 *out of* 5

minutes

Smartphone users visit or use an average of 25 apps per month, but they spend a whopping four out of every five minutes (or 80 percent of the time) glued to their three favorites, according to a U.S. survey by the web-ratings tracker comScore. For tablet users, the loyalty is even stronger, at 87 percent. Not surprisingly, Facebook and YouTube are among the favorites. The numbers point to the difficulty of attracting attention on customers' mobile devices and the gatekeeper status of apps from Facebook and Google.

Source: comScore, "The 2015 U.S. Mobile App Report"

Instant Websites

A DRAG-AND-DROP SYSTEM WILL MINE ARTIFICIAL INTELLIGENCE TO DO IT ALL

By Michael Frank

WHEN PHOTOGRAPHER Benjamin Edwards wants to update his website, all he has to do is load a new picture onto his phone; drag it into his web host, The Grid; and *voilà,* the program loads it onto his homepage and rearranges and recolors the entire site to work with the new image. For his work on behalf of charities such as World Relief that takes him around the globe, the technology is a godsend.

"Since I'm out in the field so often, I don't have a ton of time to work on my website," says Edwards, who is based in Bend, Ore. "I can be in Bolivia, shoot a photo and, if I have cell service, it can be on my website right now."

While building and maintaining a web presence has become easier than ever, it can be a laborious and expensive process. That's where The Grid comes in. The San Francisco startup, currently in beta, provides a URL, hosting services and a dead-simple app—not a complicated content management system—on which to build a website. All users do is move text, video and photos into The Grid's program. Once the content is loaded, The Grid's artificial intelligence arranges it into a sleek layout based on best practices for user-interface architecture and SEO. It knows, for instance, if it's building an e-commerce page and will create boxes beneath the images for descriptive copy. Prices are automatically turned into click-through buttons that lead to the checkout page. More impressive, The Grid's AI makes thematic suggestions to improve the overall vibe of the site and its effectiveness, analyzing colors, photographs and text so it understands the subject matter.

Founder and CEO Dan Tocchini IV says his goal is to enable business owners to wrest control from web designers and template-driven website services. "You're not sending ideas back and forth with a designer, waiting weeks to approve the latest backend," Tocchini says. "All that latency is gone."

More than 60,000 "founding members" paid $96 over the summer to beta-test The Grid and help its AI to grow smarter. At press time, the company was aiming for a year-end launch. New users, who will pay $300 per year for the service, will reap

Illustration by Paul Wearing

the benefits learned in beta. Today, for example, the software knows that when an image is dominated by blue sky, text can go into that negative space; meanwhile, if it detects a face, copy cannot run over it.

Andy Chou, who last year sold his software quality and security analysis firm, Coverity, for $375 million, says he turned to The Grid "because I wanted to create a website for myself, and I have no interest in being a web designer." The more Chou investigated The Grid, the more he wanted to invest, eventually taking a stake in the company's Series B round for an undisclosed amount. The $3.1 million Series A round, which closed in November 2014, included Yahoo co-founder Jerry Yang; Greg Badros, former vice president of engineering and products at Facebook; and John Pleasants, former president of Disney Interactive. Tocchini says he has since declined an offer from Facebook to buy The Grid for an unspecified amount.

Chou was attracted to the simplicity of the business model. "There are so many web startups that are trying to figure out how to monetize after the fact," he says. "The Grid is monetized at the start. You use the product, you pay for it." □

BANDS ON THE RUN

Zip open the **Cocoon Graphite ($90)** laptop bag's water-resistant nylon case, and you'll find one of the more original methods for organizing the chaos of your go-to tech/work carrier. Your laptop slides into a faux-fur-lined pocket fronted by a large panel of elastic bands that cinch tight anything from headphones and USB cables to lipstick and granola bars. Infinitely configurable, the Cocoon's gadget panel is a brilliantly simple piece of utility. —*J.P.P.*

COCOON INNOVATIONS

She's got the FAQs: Jill Soley of Freshdesk.

ask a geek

That's The Ticket

Bringing order to the chaos with help-desk software

Online help-desk programs log, manage and track customer issues or tickets, as they're known, in a single window, streamlining your service process. For a rundown on what else these systems can do and why you should consider one, we called Jill Soley, vice president of marketing at San Francisco-based Freshdesk, a cloud-based help-desk solution provider, and asked her to, well, help. —*Mikal E. Belicove*

Q How can help-desk software benefit my business?

A Business owners wear a lot of hats, and as a business grows, customer requests can fall between the cracks. Online help-desk systems bring order to the chaos. When properly configured, they consolidate all customer interactions—from multiple emails, website queries and chats, even social media mentions—into a single place where they can be logged, assigned to the appropriate personnel to fix and tracked throughout the resolution process. They're ideal for small businesses that don't have the luxury of establishing a customer-service department.

Q Can a help desk slash the number of service calls or emails I receive?

A Absolutely. Because we live in the age of Google, customers start looking for answers online. A good online help desk makes it easy for you to identify your top FAQs. You'd then publish the answers to them on your website, thus reducing the number of repetitive calls and emails your employees need to handle.

Photograph by Chris DeLorenzo

Q **How does social media tie in?**

A Many help-desk solutions can be configured to "listen" online for words or phrases related to your business, from mentions of your Twitter handle to mentions of your business name. The help desk can immediately alert you when your business is mentioned, which enables you to respond from right within the help-desk program. It can even be set up to keep aware of your competitors' social media mentions.

Q **What questions do I need to ask when shopping for a help-desk program?**

A Outside of cost—likely your first question, right?—there are two big ones. First, who within your company will be using the system? Your help desk should give you the flexibility to assign permissions and customer service inquiries based on how you separate responsibilities within your teams. Second, how do you expect your customers to connect with you and look for answers to problems? Will they be using email, phone, social media, comments on your website or all of the above? The help desk should allow you to manage the communication channels you and your customers use most. □

personal assistant

A LITTLE HELP, PLEASE

An on-demand service handles life's nagging tasks

If time is money, why waste it? That's the idea behind New York City-based Perssist, started by Harvard Business School grads Evan Britten-Bozzone and Albert Wang. Contact their nationwide network of on-call assistants via phone or email, then hand off mundane time-sucks such as lining up a service call with your internet provider, researching the right preschool for your child or following up on invites to your product-launch party. The first hour is free; 15 hours per month runs $140, which works out to less than $10 per hour. —*Jonathan Blum*

the fix

The Right Profile

A CRM STARTUP GETS THE HOOKUP TO FIND LEADS VIA MACHINE LEARNING ABOUT ITS BEST CUSTOMERS

By Grant Davis

If there's one thing software company Ebsta understands, it's customer relationship management. The San Diego- and London-based company sells a $10 per month per user Chrome browser extension that syncs customers' email accounts to the Salesforce database to streamline the onerous task of updating a CRM system. But finding new prospects for Ebsta is difficult and, as vice president of sales Bernhard Peters points out, expensive—especially for a company with roughly $1 million in annual revenue. • "We're still a tiny company," Peters says. "We have to be careful who we chase; we don't have a lot of money or manpower to spare. Buying lists never works; they're out of date. And data-mining companies charge at least $25,000 upfront, with no guarantee of ROI."

The Fix

Peters was in a San Diego restaurant when he overheard Olin Hyde, co-founder and CEO of Englue, explaining how his artificial intelligence product LeadCrunch could mine the web to uncover leads based on names of a company's best customers. It's the same technology Englue developed for a Lockheed Martin contract with the U.S. Navy.

"The Navy uses our software to identify intent," Hyde says. "In other words, determining whether that's a commercial vessel traveling outside of traditional shipping lanes or a Chinese destroyer up to something suspicious. It does this by categorizing millions of variables to come up with a unique digital fingerprint." That strategy can also be used to find qualified leads for sales managers.

Peters introduced himself and later handed over a list of Ebsta's 100 best U.S. customers, which he'd identified by the length of the sales cycle, cost of acquisition and amount of revenue each brought in. LeadCrunch took the names and scanned the web to find similarities among them. Once it had developed a unique digital profile for the ideal customer, the system searched for similar prospects. Within days, Peters had a list of 100 prospects to pursue.

Following the leads: Bernhard Peters of Ebsta.

The Result

"The quality of the information was so much better than anything I'd ever seen," Peters says. "We had names and direct emails and phone numbers of the real decision-makers." Working that list, Peters saw a 30 percent conversion rate and slashed the time between initial outreach and a face-to-face meeting from 35 days to 10.

More surprising, LeadCrunch opened Peters' eyes to bigger enterprise-level customers. "It matches our culture with any company's culture, no matter what size," he says. "From the outside looking in, I would have thought, 'No way we get them as a client.' But LeadCrunch found the person in that company who was in sync with our vibe and would be receptive to our product."

Since then, Peters has gone back to LeadCrunch, paying $250 for 200 leads at a time. With each submission, he says, the tool grows smarter, and the conversion rate holds steady. "This is the first game-changing tool we've ever implemented," he says.

A Second Opinion

"What's interesting about LeadCrunch is that it's based on what already works, not assumptions or gut feelings about the future, yet it still has the power to open the door for unexpected wins in totally new markets," says Kelly Kuhn-Wallace, a Minneapolis-based marketing consultant focused on seed-stage startups. She believes LeadCrunch's technology to be sound but says its pricing structure may not be sustainable. "I fully expect the pricing to go up as people discover how valuable it really is. So try it now, while it's still cheap."

Photograph by Brian Higbee

The Inside Job

A cybersecurity app takes care of your internal weaknesses

By Marty Jerome

Illustration by Patrick Vale

Chinese industrial spies, credit-card cyber bandits, poaching competitors—data theft gets worse every year. Yet the most overlooked security leak, experts say, is the inside job. And it's not only from bad people. The biggest threats can be "caused by human error, which is the most common case," says Paula Long, CEO of Nashua, N.H.-based DataGravity, which specializes in storage solutions to help thwart cybercrime.

Most cybersecurity products identify anomalous behavior on a computer network and respond to attacks in real time; DataGravity secures data at the point of storage. Files are tagged and tracked as soon as they're created, so the who, what, when and where of the documents can be monitored and audited. The system scans every file for sensitive elements such as credit card and Social Security numbers. When it finds something, it alerts the system administrator, who can limit access or delete the vulnerable file entirely.

"Security violations sometimes take the form of someone accessing the storage under stolen or false credentials," Long says. "Our product identifies whose credentials they are masquerading under, what data they accessed and from where they entered the array."

Mid-market organizations with 50 to 2,000 employees stand to benefit most, according to DataGravity president John Joseph, especially those with vast amounts of unstructured, human-generated data. But the service also works for larger enterprises.

Jason Topp, a senior systems administrator at Providence College in Rhode Island, is pleased with the security and the analytics DataGravity provides. "We have been able to get a much more in-depth look at not only what our data contains, but also what happens to that data," says Topp. "We see it all, and that makes me happy. A happy information security officer is worth a lot."

How much? DataGravity's secure storage runs $45,000 to $95,000. That buys firmware, upgrades and an army of support. Yes, it's pricey, but Joseph contrasts it to the average $295,000 bill to set up a storage array, security tools, recovery and backup for a midsize enterprise. "Plus," he points out, "according to research by IBM, the estimated cost to fix a data breach is $3.8 million."

DataGravity grabbed a healthy chunk of the $1.77 billion poured into data-security startups last year—to the tune of $92 million—with backers including Andreessen Horowitz. "Data security is a huge issue," says Andreessen Horowitz partner Peter Levine. "We expect this to become a must-have technology in all future storage environments." □

your money

THE GIFT OF GIVING

THE MONEY-WISE APPROACH TO DOING GOOD

By Steph Wagner

THINK BACK to your last charitable act. Was it impulsive—such as a cash donation to a Salvation Army Santa or a purchase at a charity auction? While these good deeds make a difference, being strategic about your charitable giving will enable you to make more of an impact, maximizing what you can give as well as what you will receive come tax time.

Your first step is to consider what philanthropy means to you. What do you hope to accomplish? What causes are you passionate about? Answering these questions will help you to stay focused and establish guidelines that lay out the amount and schedule on which you want to give, your income and tax needs, funding abilities and most effective giving methods.

Let's say you are about to sell a highly appreciated asset (such as your business) and are looking for ways to be charitable—and tax wise—with the proceeds. Using a charitable lead trust (CLT) or a charitable remainder trust (CRT) could save you thousands (or millions) of dollars in taxes and

Photograph by Andrew Bettles

provide much-needed funding to your desired charity.

With a CLT, the proceeds from the sale are placed into an irrevocable trust that creates a steady income stream to a designated nonprofit, as well as a significant tax deduction for you. At the end of the trust's term, the asset reverts back to you or your beneficiary, depending on the type of CLT you design.

A CRT has the opposite effect, allowing your highly appreciated asset to be converted into a lifetime income stream for you. Upon your death, remaining trust assets go to your designated charity. You not only avoid capital gains tax from the sale of the asset; you also receive a reduction in income taxes now, as well as in estate taxes when you die.

Even if you don't have a highly appreciated asset to sell, experts will tell you that you need to be strategic with charitable gifts. "Take, for example, IRAs and other retirement accounts, which are often someone's greatest form of savings," says Teresa Davis Pusztai, director of philanthropy for Make-A-Wish Colorado. "While bequeathing these accounts to a loved one other than your spouse may seem like a generous act, few realize the tax implications."

Pusztai points out that while a qualified charity can utilize 100 percent of the asset, an individual may be subject to estate and inheritance taxes, as well as federal, state and local income taxes—in some cases the tax bill can exceed 60 percent. Not to mention, it is very likely that liquidating an inherited IRA will push your beneficiaries into a higher tax bracket, causing their annual income to be taxed at a significantly higher rate.

All charitable giving, whether it's to a nonprofit or an individual, is a generous act. But with proper guidance from tax and estate-planning experts, you can preserve more of your wealth and have a much greater impact on the causes close to your heart. As a board member of the Center for Community Solutions, a San Diego-based nonprofit serving survivors of domestic violence and relationship abuse, I have seen firsthand the positive influence sustainable philanthropy can have on an organization. The fact that I see a tax benefit from my philanthropy is icing on the cake. □

Steph Wagner is a private equity investor and financial strategist. @StephLWagner

startup finance

CAPITAL RECORDS

The music industry tests a new way to fund growth

By Melinda Newman

As CEO and president of A&M/Octone Records—home to such acts as Maroon 5 and Flyleaf—James Diener had a front-row seat to the habits of music creators, specifically the monetary shenanigans and squeezes that could derail their careers. After selling Octone two years ago, Diener decided to do something about those problems, coming up with a financing idea that would offer minimal risk to artists.

Diener and his partner, financier Howard Lipson, launched New York-based Alignment Artist Capital in April. Backed by investment colossus BlackRock, AAC provides structured capital (from $5 million to $20 million) to music artists, songwriters and producers. In return, it takes 15 to 20 percent of adjusted gross income from the artist's core revenue streams: record sales, touring, publishing and licensing—over a four- to five-year period. "We earn when they earn, and we don't earn when they don't earn," Diener says. "We take a calculated risk that

Photograph by Nigel Parry

Banking on artists: Music biz veteran James Diener.

during the four- to five-year period, they're going to earn enough that our negotiated percentage will not only pay back our principal, but there will be enough profit in there for us."

Giving up 15 to 20 percent could be a hard notion for artists to swallow. But AAC says that, unlike with traditional loans, the investment doesn't threaten an artist's personal assets and doesn't require collateral at closing. "If you take $10 million from Bank X, your copyrights, your masters, your houses, your guitars, everything [is] in the pot for them to recover against," Diener says. "Artists literally wake up one day and they're on a sofa, because it all went out the door. This is a middle ground that doesn't exist right now in the industry."

Should the artist's career take a dive, AAC risks losing its investment—though it has built in safeguards, including the possibility of extending the deal. "The structure of the product we have created is a hybrid of debt and equity," Lipson says. "While it doesn't have straight debt-like features such as personal recourse and set interest rates, there are features that allow for some adjustments depending on performance that allow us to protect our investment."

Nashville, Tenn.-based artist manager Ken Levitan, founder and co-president of Vector Management, believes AAC is a smart alternative to traditional financing. "It's a strong, unique concept that fills a void for successful artists, producers and writers who have an asset base but need larger amounts of cash for projects they are working on without having to dispose of or tie up their assets," he says.

AAC targets primarily established artists who are generating significant revenue from multiple income streams, as well as frontline acts and heritage musicians who are road warriors with reliable touring and publishing income.

With an average closing period of 45 days, AAC can provide quick money for a multitude of uses—to settle a copyright lawsuit, expand in a venture outside of entertainment or set up a tour. But AAC does not ask artists how they intend to use the money.

"We are completely passive," Diener says. "That is a huge selling point. The math works based on the existing business and what [the artist is] projected to do. Artists receive a lump sum. At that point, they're free to use the money however they want. Hypothetically, they could go right to the track and bet it all on a long shot." □

vc viewpoint

COMPENSATION GYRATIONS

YOUR STARTUP ISN'T GENERATING ENOUGH CASH TO PAY DECENT SALARIES. NOW WHAT?

By Sam Hogg

RECRUITING TALENT for startups is often referred to as "selling dreams," because there's never enough dough to pay people what they deserve. Compensation packages are usually a mesh of modest salaries, opportunistic equity stakes and access to office ping-pong tables. Equity may sound great at first, but the allure of owning part of the next billion-dollar company loses its luster when that unicorn starts to look more like a starving pony.

A question VCs often get from founders is how to secure the best talent without breaking the (often very small) bank. While there is no standardized formula, the theme we emphasize is transparency. Using equity to recruit talent is more complicated than divvying out pieces of pie, and finding the right balance of cash and equity for employees relies on everyone knowing what they are getting into. Here are highlights of what you need to discuss.

Equity vs. Options

While founding partners often split up equity, employees are usually given options. Although both align compensation with value creation and exit outcomes, they are not the same. Equity is granted stock; options are the right to purchase stock at a certain price (even if it's just $1 per share). Founders like the idea of giving options since they are exercised only in successful outcomes or exits, giving employees the same perks as equity but helping the business avoid a slew of legal, governance and reporting headaches.

Common vs. Preferred Stock

Employees usually receive grants of common stock, not the preferred stock typically sold to investors. Both represent similar ownership in the company, but preferred stock generally carries a dividend payment and a liquidation preference that can greatly affect common stock benefits. When a business starts rolling in profits, dividends are paid first to preferred shareholders at their negotiated rate before they are scattered to others. In a failure, preferred shareholders get first dibs on liquidated assets, often leaving common shareholders with little or no consideration at all.

Vesting Schedules

Founders need to decide on a vesting schedule and make sure employees fully grasp its implications. Both sides need to reach a balanced agreement between a smaller equity offer with a more aggressive vesting schedule and a larger offer that requires a longer commitment. Unfortunately, every position and employee has a different value to the company, which makes vesting schedules almost impossible to standardize.

When recruiting top talent, we often advise companies to use a sliding matrix of salary and the variables above to negotiate with each potential employee instead of slamming everyone into the same static offer. Trying to do the latter may seem as transparent as you can get ("Everyone gets the same deal!"), but people resent this approach—especially the experienced and talented early hires who are going to make or break your business. That said, if you're transparent and fair and still can't find a middle ground when compensating with equity, well, you could always try more ping-pong tables. □

Sam Hogg is a venture partner with Open Prairie Ventures and Huron River Ventures.

Illustration by Marco Goran Romano

ask the money guy

Number Crunchers

Q: HOW SHOULD I GO ABOUT REPLACING MY CONTROLLER?

By Joe Worth

A: WHEN FACED with hiring for a key position, you'll logically start with a job description. You can find sample lists of general duties and responsibilities online, and your outside CPA firm undoubtedly can weigh in. The list should cover the basics: handling transactions and the operations of the accounting staff and software system, and being able to produce monthly financial statements—income statements, balance sheets and cash-flow statements—that are complete, accurate and timely, as well as any other reports you need to make business decisions. You should specify compliance-related responsibilities and whether they involve the government or audits. Depending on the level of outsourcing used, these could include payroll and payroll taxes, workers' compensation, insurance and other requirements.

Finding a person with QuickBooks experience is easy. If you use higher-level packages, look for someone who has worked with similar advanced accounting software and is comfortable with its complexities, especially on the reporting side. If the job involves upgrading the company to a more robust accounting system, experience with such an installation is a must.

For small firms—those with less than $10 million in annual revenue—you don't necessarily need your controller to be a CPA. Above that, it's a good idea to hire a CPA.

Last, take a long, hard look at what is dissatisfying about your current controller. Make a list of those negatives and do your best to avoid them with this new hire.

Above all, I look for certain personality characteristics in controllers. Beyond the obvious—they should have an affinity for numbers and be detail-oriented—I believe they should care more about facts, processes and results than they do about interpersonal relations. (Although they do need enough basic people skills to find, motivate, supervise and retain a good staff.)

There's no magic alternative to taking time to find someone who's skilled, qualified and has the right personality. But realize that doing so will pay huge dividends in the end. With the right hire you'll be able to focus on the activities you need to grow your business instead of pushing numbers around. ◻

Joe Worth is a partner at B2B CFO. @b2bcfo

Where to look

When seeking a controller, your personal network is a good place to start, as well as bankers and people at your outside CPA firm. You can also check out the Financial Executives Networking Group (thefeng.org), a national nonprofit organization that specializes in finding positions for senior financial execs. It's my go-to source for controller candidates. Which resources should you avoid? Online job boards and expensive recruiters. The former are a waste of time—you'll be flooded with résumés from unqualified candidates. The latter are a waste of money, unless you're looking for someone with uniquely specialized experience and can afford the recruiter's retainer and fee.

How I Saved $180,000

Jennifer Adams, CEO and chief creative director, Jennifer Adams Worldwide, Scottsdale, Ariz.

We were experiencing significant growth nationally, and our primary supplier—who handled our logistics and warehousing—was struggling to keep up. In addition, we found ourselves paying much higher fees for this à la carte supplier's experience in our sales channel, which we needed at first but are no longer relying on as we continue to grow. We decided to move the business to three suppliers who were each superior in their core competencies. We did have to add some administration expense to manage three suppliers instead of one, but overall the result was a $15,000 reduction in our monthly costs for logistics, warehousing and other related services, which works out to $180,000 per year. *—As told to Grant Davis*

Illustration by Marco Goran Romano

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wacky idea

THE CUTTING EDGE

A STYLISH SHAVING STROP EXTENDS THE LIFE OF DISPOSABLE RAZORS

By Judy Sutton Taylor

>

Photo by Andrew Bettles

> The Entrepreneur

James N. P. O'Brien, co-founder and president of ShaveFace, a Nashville, Tenn.-based company that makes shaving strops for disposable razors.

"Aha" Moment

When a friend told O'Brien that disposable blades could be sharpened on denim, he was hooked by the idea of saving money and throwing away fewer razors. While on the road with his band, the part-time singer took to carrying a scrap of an old pair of jeans with him. But soon he decided he'd prefer something nicer. As a favor, a tailor friend made O'Brien a prototype of a strop—traditionally a strip of leather or canvas used to straighten the blade of a straight razor—out of denim. This highly styled version was trimmed in leather with brass attachments for hanging on a towel rack or rolling up for travel.

Boys' Club

In June 2014, O'Brien attended a wedding where he hatched a plan with Casey Perkal, a recent law-school grad interested in startups, and Tim Jeon, a financial consultant, to capitalize on the booming market in men's shaving products. Together, they started ShaveFace to manufacture and sell the swanky denim strops. The trio invested a total of $10,000 to bankroll a small production run and create a website and series of videos.

Sharpening the Plan

ShaveFace wanted to narrow its customer focus from simply "everyone who shaves." The company's website and videos–which are aimed at the same young, trendy demographic that shops e-commerce shaving sites such as Harry's and Dollar Shave Club–are chock-full of stats to show how the $38 product can save users money: ShaveFace estimates that a strop allows for three to five times more use out of each disposable blade, reducing the number used by the average man from 28 to seven per year, for savings of roughly $100.

Smooth Operators

ShaveFace sent product samples to editors and lifestyle bloggers to create buzz in advance of a January 2015 Kickstarter campaign.

"The strop benefits anyone who uses a razor, but it's an odd concept to wrap your brain around, because we've been conditioned to dispose of our razors early and often," O'Brien says. "The key is to assuage possible skepticism with a referral they can trust—whether it's from a friend, a publication or a friendly face on a video."

The advance effort—combined with a boost from being named a Kickstarter Staff Pick—paid off, with ShaveFace surpassing its initial goal of $24,000 to raise $60,000 during its 30-day campaign.

ShaveFace estimates that a strop allows for three to five times more use out of each disposable blade.

Hairy Situation

With its Kickstarter funding secured, ShaveFace dove into the manufacturing process, planning to ship its first strops in time for Father's Day 2015. "We quickly learned that manufacturing is going to be more expensive and take more time and effort than you think," O'Brien says.

The company ended up switching manufacturers three times—though sticking to its self-imposed mandate of sourcing and making its strops in the U.S.—and tweaking the design before finally shipping in August.

"The product we pitched on Kickstarter was not what we ultimately shipped out," O'Brien says. "We ended up putting a filler between the pieces of denim and binding it differently. It cost a little more, but we came away with a better product that will stand the test of time."

They've also added a customization option: For an additional $10 to $15, the strop can be embossed with initials or dates, ideal for groomsmen gifts and graduations. The strops are now sold at shaveface.com and in a few independent boutiques.

Aftershave

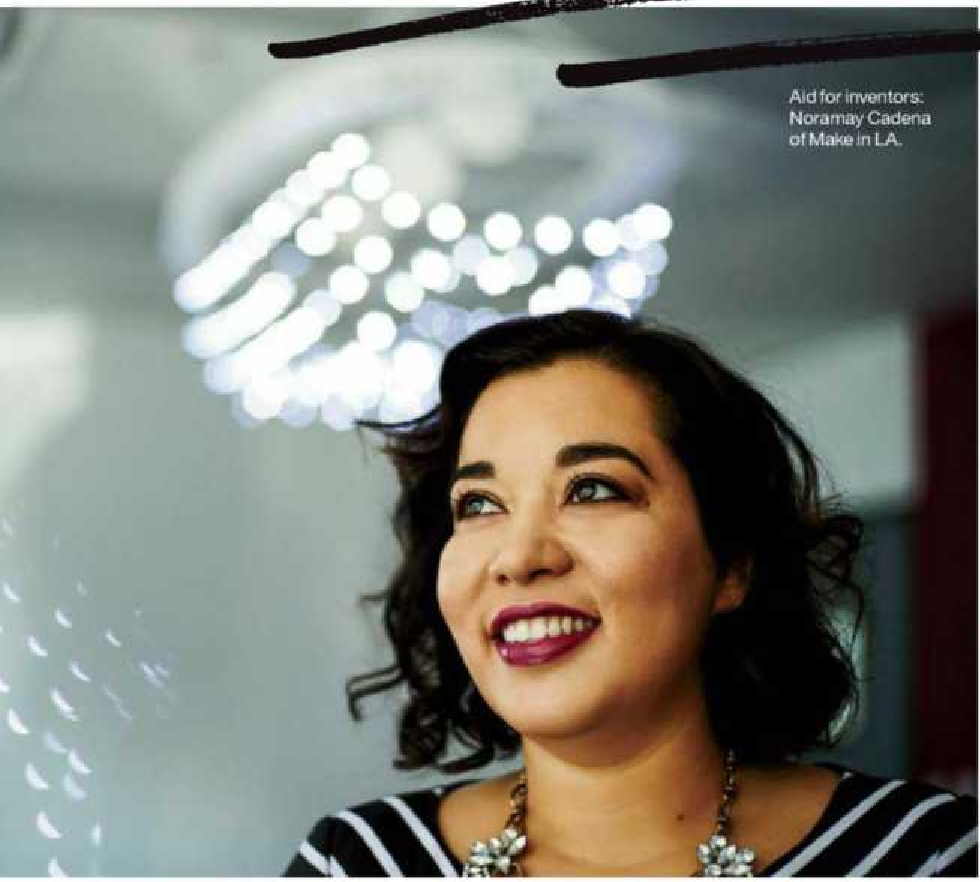
ShaveFace is partnering with other grooming brands to introduce a shave oil and aftershave product for the 2015 holiday season. Long term, the company plans to release more products that "change the way people think about and use disposable cartridge razors." One clean shave at a time. □

Illustration by Patrick Vale

Make It Great

An L.A. accelerator focuses on hardware prototyping

By Brittany Shoot



Aid for inventors: Noramay Cadena of Make in LA.

Make in LA has an ambitious goal: enabling hardware-focused entrepreneurs to develop fundable prototypes in just four months. In its first year, the accelerator received nearly 100 applicants, all vying for a spot in the maker space, plus $150,000 distributed in two rounds of funding. In January, the program graduates its inaugural class of four teams, whose creations include a biosignal-tracking wristband; an impact-monitorinwg mouthguard that can help athletes avoid aggravating head injuries; a tracking device for skateboards; and a robotic toy that teaches kids as young as 4 to code. Applications are being accepted for 2016.

We sat down with co-founder and general manager Noramay Cadena to learn how inventors can get their big break with Make in LA.

WHY IS LOS ANGELES A NATURAL HOME FOR A HARDWARE HUB?

We saw a gap in the opportunity for hardware entrepreneurs. But we join a strong entrepreneur ecosystem of startups and emerging venture capital in the so-called Silicon Beach community.

Los Angeles has a blossoming maker movement, and our mayor is very keen on supporting and building up the city as the manufacturing powerhouse it has always been. L.A. has a long history in aviation and automotive manufacturing, and the medical sector is heavily concentrated here. We have the Port of Los Angeles, and we have major technical universities including the California Institute of Technology and the University of California, Los Angeles.

WHAT ARE SOME OF THE ACCELERATOR'S UNIQUE OFFERINGS?

One big draw is our partnership with electronics manufacturer NEO Tech. They've been in business for 40 years, with operations in the U.S., Mexico and China. The idea that an entrepreneur can get help developing and prototyping and then fully manufacture a product locally is hugely appealing.

Our business model is very similar to other accelerators, and we have a long list of mentors and tangible resources. But a major differentiator is that a third of our curriculum is about leadership. We want our people to have a great sense of ethics, morals and a sense of responsibility to their community and team. We like to say we develop the entrepreneur, the product and the business—in that order.

In terms of the workspace, we have CNC machines and several 3-D printers, including an Autodesk Ember printer and an Italian FABtotum. We're always adding more machinery and, of course, we have hand and power tools.

WHAT'S AHEAD IN 2016?

We're not only supporting companies, we're also building a community around us, opening our space to middle- and high-school students in an effort to create more entrepreneurs and makers. We'd also like to grow the incubator to host more than four companies at a time, and we're looking for investors to help us do that.

In terms of applicants, I would love to see an increase in female founders applying. We're open to international candidates and already have teams from India and China. And it would be great to see more people tackling primary challenges such as energy and water solutions in addition to cool wearables and toys. □

Photo by Chris DeLorenzo

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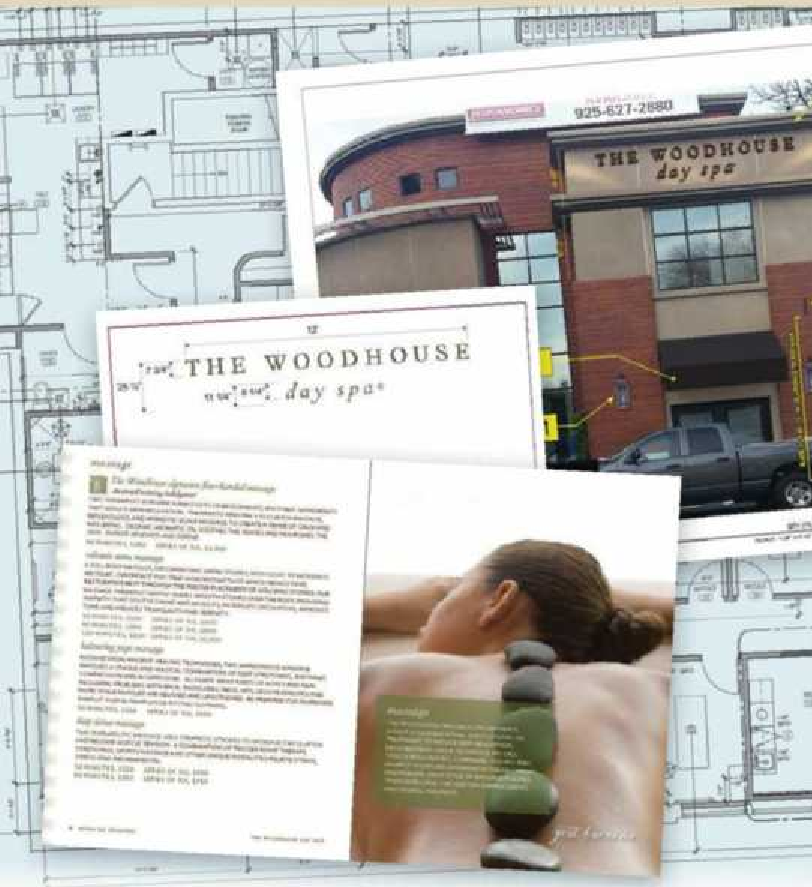

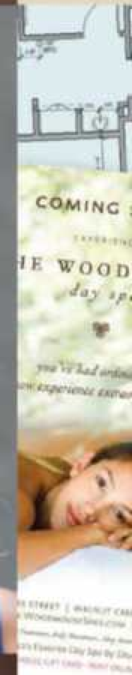

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A peek into a simpler lending world: Jason van den Brand of Lenda.

who's got vc?

Refinancing, Refined

THE ARCHAIC MORTGAGE PROCESS GETS A TECH UPGRADE

By Gwen Moran

MORTGAGE REFINANCING IS a headache. From finding the right lender to filling out reams of paperwork, it's time-consuming, confusing and expensive.

After 11 years in the mortgage business, Jason van den Brand couldn't believe that a process so convoluted hadn't been addressed with new technology. So he left his position at a brokerage firm and started Lenda.

Dubbed "TurboTax for mortgages," San Francisco-based Lenda (originally called GoRefi) lets borrowers apply for and complete a mortgage refi online. The company has a $20 million line of credit with an undisclosed Texas bank, allowing it to make loans directly; it then sells the loans at a small premium to institutional investors. (Van den Brand says Lenda is in talks with other banks.)

Lenda claims that its refi clients save an average of $8,000 in closing costs, including commissions, fees and overhead, as well as 45 days in processing.

The company is issuing loans in California, Washington and Oregon, with plans to be in 40 states by the end of 2016. Loans closed and funded for its 160 clients total nearly $50 million.

In 2014 Lenda landed a coveted spot at 500 Startups, a Mountain View, Calif.-based seed fund and accelerator program founded by former executives of PayPal and Google. Dave McClure, founding partner at 500 Startups, says Lenda's savvy management team appealed to investors. Before pitching 500 Startups, van den Brand and his co-founder, CTO Elijah Murray, used their data access and sleuthing ability to find out that accelerator partner Christine Tsai was refinancing her home. In a move McClure calls "creepy but well-targeted," the duo prepared a document that included her name, address and a pretty accurate estimate of the loan amount, which they delivered to her the day before the meeting. Apparently she was impressed.

After graduating from 500 Startups, Lenda secured a $1.8 million seed round. Van den Brand says the partners met with 135 potential investors, mostly connected through the accelerator program. He wanted a team that had financial technology experience—and got exactly that with investors that included Winklevoss Capital Management, Structure Capital and China Growth Capital. Lenda hopes to close a Series A round in early 2016.

In addition to experimenting with online marketing channels, Lenda spent most of its seed capital on people, growing from four employees to 15. Operating at the intersection of technology and finance, the company faces fierce competition to attract and retain talent. To that end, every full-time employee—from top engineers to entry-level administrative staff—receives equity in the business.

There are challenges though. The Mortgage Bankers Association projects that mortgage refinances will shrink from an estimated $579 billion in 2015 to $379 billion in 2016. But that's still a hefty market, and McClure believes Lenda can capture much of it through innovation. "Here's some big, dumb industry that hasn't changed for 30 years and could be made a hell of a lot better," he points out. "That's what we'd like to see." □

Photo by Chris DeLorenzo

Hot property: Gary Darna moved CompleteSet into its own Cincinnati HQ.

THE CASE FOR OFFICE SPACE

ONE SIZE DOESN'T FIT ALL WHEN FINDING DIGS FOR YOUR STARTUP. HERE'S A LOOK AT SOME OF THE OPTIONS.

By Paula Andruss

WHEN GARY DARNA and Jaime Rump secured $650,000 in seed funding for CompleteSet, the online collectibles marketplace they founded in 2012, they were happily operating in a co-working space provided by Cincinnati startup catalyst Cintrifuse. But the pair soon realized that the growth sparked by that cash would require a move to something bigger.

"We went from two people to almost 10 in about two months, and it became clear we needed our own office space," Darna says. "We had too many people to make a co-working space economically viable, and we had vintage toys, board games and displays all over the place and didn't want them getting in other people's way. So we took the leap and got our own space."

It's a familiar scenario to many startups: The first months (or even years) are often executed from the couch, basement or kitchen table. But as the business grows, it's time to move—and where you go is important. Your location can affect your company's productivity, creativity and community, not to mention budget. Insiders agree that choosing the right environment depends on the work that's being done and the people who are doing it. Before you commit, consider the pros and cons of four kinds of workspaces. >

Photograph by Jesse Chehak

The Framebridge team in its D.C. space.

ADAM MASON/REVOLUTION

> *Co-Working Space*

One of the first places startups turn to when looking for a "real" office (i.e., not the living room) is a co-working space shared by other small businesses. While co-working was no longer an option for Darna, many find that working in shared space has distinct advantages. Don Lam, managing director of the Bay Area region for IA Interior Architects, says it's a great way to spark community and innovation among startups.

"Most startups don't have culture and community yet, so they can go into a facility and instantly become part of a community and make connections with other young workers," Lam says. "And when they're immersed in that noise and activity, they can benefit from synergy and new ideas that arise from chance conversations from around the room."

That's just what Scott Barron found while operating in a co-working space. "Listening to what other people are doing can spark an idea or conversation, and other opportunities can arise as well," says the CEO of Alpharetta, Ga.-based School Growth, which provides professional development programming for schools and school boards.

Barron once discovered he shared a client with someone across the room, which allowed them to combine efforts for the benefit of both startups as well as the client. Another time, a fellow group from the co-working space helped Barron solve a problem that they had already dealt with. "That completely short-circuited our learning curve," he says.

But co-working spaces don't work for everyone. Susan Tynan, founder and CEO of Framebridge, an online framing company based in Lanham, Md., set up her team of five at a co-working space when she launched in 2014 but realized almost immediately it was not right for the daily operations of her business.

"Because we have a physical product as part of our business, we had a lot of packages coming to our space, and co-working spaces are not built for that," Tynan says. "So, long before we even launched our website, we had to move out."

If privacy is an issue, you may want to look elsewhere, adds Lam, who notes that a shared space has the possibility of compromising intellectual capital. "For a startup, confidentiality is huge," he says.

Barron's experience in a co-working space has been positive. And because he and his employees travel so much, he has determined that a fixed space would not be a worthwhile expense. His five-person central team works from home in addition to a shared space. "Having space that contributes to your value proposition is more important than feeling like you have a cool space," Barron says.

Shared Manufacturing Space

Like shared office space, setting up shop in a shared manufacturing environment can work for many startups. Julia Payne Cooper, senior workplace specialist in the Seattle office of design, architecture and engineering firm HOK, says the majority of her clients who locate their offices alongside their manufacturing spaces have seen benefits, including an increased speed to market for product and faster access to information and decision-making.

"Taking down the boundaries between what is being made and how it's being made is very key," she says.

When those spaces are shared with others, however, problems can arise, as Andrew Royce Bauer, CEO of Royce, a Secaucus, N.J.-based handbag and accessories designer, experienced. He says nondisclosure agreements between the factory he operates in and other designer brands in the space have made the setup less than ideal.

"I wanted a showroom and office that would correspond with our manufacturing process, but when I bring in retailers for meetings, I can't show them my own production line because it would allow them to see the other production lines that are not open

for disclosure," Bauer explains. "Next time we'll look for a space of our own."

Dedicated Space

Experts say dedicated space offers an ideal environment for startups to nurture their burgeoning brands, as well as their own work culture. Because a company's values are implied in the choices made about its environment, having an office lets founders take ownership of their brand in a way that shared space doesn't allow.

As Cooper sees it, "You can work out of your garage until the cows come home, but if you want to start meeting with clients and portray yourself and your image through your physical environment, it's more effective than a shared space."

That was Tynan's goal when she moved the Framebridge corporate team into a historic building in Washington, D.C.'s Georgetown neighborhood that she believes is a perfect environment for her brand.

"Design is a very important element of our business, and people come to us to make their things more beautiful, so that was an important factor in choosing our office space," she says. "Making our space beautiful and an extension of our brand makes sense."

Dedicated space also enables a business to build corporate culture by creating an environment that's an expression of who the founders are. "Whether you're passionate about sustainability and well-being or want to attract a surfer-dude culture, once you identify the culture you want to create, having your own office lets you embody that culture in your space," Lam says.

Elizabeth Holmes, co-founder and CEO of Orlando, Fla.-based PawsLikeMe, has found this to be true, and will plan her next move accordingly. Launched in 2014, the online matchmaking site for people and pets recently joined a co-working space that allows the team of five to be face to face more often and less dependent on technology to connect.

While Holmes is happy to have a dynamic and affordable workplace, the shared space prohibits her team from bringing their pets to work—a key element of her brand. "We understand that having pets in the workplace may not suit everyone, so it's not surprising that most co-working spaces opt against being pet-friendly," Holmes says. "But having a pet-friendly environment is simply a good business decision for us, so when we take the next move to our own office building, we will definitely make it happen."

Open Concept

Those who have their own offices might consider an open-concept space, a hallmark of entrepreneurship because having visual and physical access to colleagues can help foster innovation and collaboration.

Darna chose an open floor plan for CompleteSet to give his team the ability to share and respond quickly. "We're a very fast-moving company, so an idea we have on a Tuesday could be up and running on our website by Friday," he explains. "It's important for us to be able to collaborate in person, and that doesn't happen that well in cubicles. It's only possible when everyone's in the same room."

HOK's Cooper adds that another perk of

WHILE THE MOVEMENT TOWARD OPEN SPACES AND 'SOCIAL COLLISION' CAN IMPROVE CREATIVITY, DIFFERENT SPACES ARE NEEDED FOR DIFFERENT WORK FUNCTIONS.

open offices is better access to natural light for more people. "Research shows that when you give daylight and diverse views to the greatest number of people, it has a big impact on their alertness and well-being, which in turn affects their ability to be effective and innovative," she says.

Mark R. Leary, professor of psychology and neuroscience at Duke University in Durham, N.C., says that while the movement toward open spaces and "social collision" can improve creativity, different spaces are needed for different work functions.

"Yes, interpersonal interactions are needed to stimulate certain kinds of creativity and generativity, so isolating people in offices is clearly not a good idea," he asserts. "At the same time, however, there are certain important tasks that require undistracted focused attention, and having nothing but open space interferes with those activities."

And while many 'treps claim to love the open concept, there's plenty of research to suggest it's not all it's cracked up to be. A University of Calgary study published in the journal *Environment and Behavior* found that people who moved from a traditional office to an open-office layout reported decreased satisfaction with the physical environment and co-worker relations, and increased physical stress. Research published in the *Scandinavian Journal of Work, Environment and Health* found that open-office workers take roughly 62 percent more sick days than those in single-occupant layouts.

That's why Leary says taking the time to understand how your employees work best can go a long way in choosing the right space. For example, extroverts are energized by constant stimulation and interactions, whereas introverts are depleted if they are thrown into overstimulating environments.

"Research shows that entrepreneurs tend to score higher on characteristics related to extroversion, so they might not recognize that their personal preferences for space configurations are not shared by all of their employees, or that open spaces may undermine performance on certain kinds of activities for certain people," Leary explains. "Startups need to consider what kinds of activities and interactions will best facilitate their effectiveness, and provide the spaces that are needed."

Paula Andruss, a frequent contributor to Entrepreneur, *writes from Cincinnati.*

Refuge for dudes: Hammer & Nails in L.A.

franchisor

MANLY PEDI

CLUBHOUSE ATMOSPHERE SETS A MEN'S GROOMING SALON APART

By Jason Daley

MICHAEL ELLIOT remembers the experience well. "A friend of mine thought I really needed a pedicure, but she didn't know how to tell me," says the Los Angeles screenwriter. "So she surprised me one day and took me to a salon packed with women."

Elliot loved the foot treatment, but he was uncomfortable and embarrassed in the setting. As soon as he walked in, he says, he felt out of place. Soon the one other male customer in the shop came over and sat down.

"We started talking, and I told him I felt like a fish out of water and that I felt I was being judged and invading these women's space," Elliot says. "That guy felt the same way, and I started to wonder if other guys

Photograph by Alex Hoerner

had a similar experience."

Elliot set out to do some research. As he suspected, he soon confirmed that there were no nail salons in the area dedicated to men, even though many told him they believed hand and foot grooming was important. So he seized the opportunity, and in November 2013—eight months after that fateful pedicure—he opened Hammer & Nails on Melrose Avenue.

Needless to say, this is not your mother's nail salon. Customers enter a high-end man cave, where they're seated in overstuffed leather chairs, each outfitted with Beats or Sony headphones and a flat-screen TV (with remote, of course). There's a selection of beer, whiskey and soft drinks to sip while technicians scrape

Michael Elliot at his Hammer & Nails salon.

NATHAN WORDEN

off callouses; trim, file and buff nails; and massage rough skin.

Hammer & Nails has been wildly popular in Hollywood. Now Elliot is poised to franchise nationally. We tried not to bite our cuticles while he told us more about his concept.

Is there really a market for a men's nail salon?

Here's the thing, a pedicure and manicure for a guy is very different than for a woman. What I mean by that is women get a manicure or pedicure for aesthetic reasons; most of the time they want to change the color of their nails. For men, it's about health and wellness. We have a list of eight health reasons why men should have a pedicure, and one is early detection of problems like corns, fungal infections and ingrown

> "We have a list of eight health reasons why men should get a pedicure."

nails. Dirty feet are a breeding ground for infections, and the best way to deal with foot odors is to remove dead skin.

That's a little gross, but it makes sense.
The average guy coming into Hammer & Nails has some sort of foot fungus and doesn't know about it. Most people's parents never talked to them about taking care of their feet. They don't talk about feet with their wives, and guys don't talk about feet with their boys. There was an article in *The Wall Street Journal* recently about how many NBA players get regular pedicures. For these guys it's not about shiny toes; it's about healthy feet. LeBron [James of the Cleveland Cavaliers] is very vocal on Instagram about his pedicures. Dwyane Wade [of the Miami Heat] says being on his feet is what he does, so he's got to take care of them. I think perceptions of what a pedicure is need to change, and we're trying to get that message out there.

How will you get regular guys in the door?
I believe there isn't just one type of guy that gets a manicure or pedicure. We have NBA players next to a guy who works at DirectTV, next to a guy with a Rolls-Royce out front. I think there's a segment of the male population going to female-centric nail salons because there are no better options. If we were in Portland or Chicago I think we would be the go-to destination, and that there's a market for just this service.

Although only 3 to 5 percent of our clients are women, they generate 30 percent of our sales. Many are women in relationships with men who desperately need to take care of their feet. These are guys who would never get a pedicure on their own, but because the environment is so unique and it's such a man's spot, they feel at ease if their wife or girlfriend brings them here.

What services do you offer?
Our business is about hand and foot maintenance and repairs. Our techs are women who are knowledgeable about working with guys and administering treatments that are unique to men. We have a client coming in on Thursday getting the Citrus White Ale Pedicure, which uses Blue Moon beer as part of the treatment. The Jack Hammer uses a custom Tennessee whiskey-infused scrub. The Hops and Cedar treatment uses Guinness and hops-infused oils to flush toxins from the skin. Our sports pedicure uses reflexology. Everything we do was created specifically for men. □

They've got a lot on their plates: Danny and Darshana Banwait of Black Bear Diner.

franchisee

Comfort Zone

A FORMER ENGINEER FINDS NEW LIFE BEHIND A DINER COUNTER

By Jason Daley

FOUR YEARS AGO, Danny Banwait, a mechanical engineer, and his wife, Darshana, a chemical engineer, were working in Silicon Valley. Their goal was to get out of the hectic tech world and own a business, but it wasn't until their daughter was born that they made some serious life choices.

Danny followed through on a tip that a Bay Area investor was selling two Black Bear Diner locations in Federal Way and Olympia, Wash. Although he had looked at other franchise options, none had clicked quite like Black Bear, a 70-unit brand operating in eight Western states that specializes in family-style comfort food. "The first time I walked into a Black Bear Diner I was excited," Danny says. "All the guests were happy, and all the employees were happy. Once I met the board of directors, I knew it was a concept we could grow with."

The Banwaits moved to Washington to start their business. But before making changes, they conducted some research: Danny learned the ins and outs of the business by working as an assistant manager. The approach paid off. He has since opened a third Black Bear Diner in Gresham, Ore., and is preparing a fourth in Vancouver, Wash. We stopped drooling over the dessert menu long enough to find out more.

Why did Black Bear let you buy in with no restaurant experience?
The owner of those two units lived in the Bay Area, and when I met with him, it turned out he started as a mechanical engineer, too, and jumped into restaurants when he was a little older than I was. So that was a good connection and hit a soft spot. The next hurdle was meeting the executive team at the Redding diner. We sat around and talked, and they saw something in me, and I saw something in them. It was a good relationship from the start. They care about their business and franchisees just as much as their guests.

How did you afford two restaurants?
The guy I bought the restaurants from gave me financing, which meant we didn't have to get a business loan. But my wife and I were both engineers, and we were saving up for a down payment on a house or business. Once we graduated, we still lived a frugal college lifestyle. We were able to live off of one paycheck and save the other. We did that for two and a half years.

What was it like working as manager?
I started working as assistant manager, then promoted myself to general manager, and went in and did all the paperwork and other tasks managers do. I even worked as closing manager seven days a week. I was able to really learn the system. When I took over, I didn't want to rattle the cage too much. I wanted to see what was working and what wasn't, and I wanted to get the managers onboard and to trust me.

Being younger, it was harder to earn respect from older staff and vendors in general. I wanted to learn as much as I could so when we had a meeting, I would know what I was talking about and understood what my staff was going through.

In Federal Way it took a couple of months for the staff to get excited and get onboard with my ideas. At the second location, things were very different. There was no leadership or structure. At that location, I really had to take ownership and be a leader.

Engineering is a dream job for some people. Why leave it so young?
Personally, I love the interactions at a restaurant. Guests walk in, and you shake hands and get to know them. And you have to learn a lot. You have to learn about the health department, fire codes, equipment, refrigeration, vendors … There are so many moving parts. Every day it's something different. That's what drew me to owning a franchise vs. working a 9-to-5 job. □

Photograph by José Mandojana


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Illustrations by Gary Neill

A RACE TO THE FUTURE

IT'S NEARLY 2016. ARE FRANCHISES DRIVING CHANGE, OR ARE THEY SIMPLY PLAYING CATCH-UP?

By Jason Daley

FRANCHISING traditionally lags behind other types of businesses when it comes to adopting technology, new flavor profiles and hot concepts. But in recent years, new and old players alike seem to have learned the value of getting in front of changing consumer habits and tastes more quickly. The race to lead the pack is poised to intensify as franchising continues to evolve. Here are the trends we expect to shape the sector in 2016.

The Big Spinoff

The rise of fast-casual brands like Denver-based Chipotle and St. Louis-based Panera Bread—which aim to offer higher quality than fast-food chains and faster service than casual sit-down eateries—has led to a spinoff frenzy. Fast-food and traditional casual restaurants are introducing fast-casual versions of their concepts left and right.

HuHot recently launched NuHu Mongolian Express. Red Robin's entry is a concept called Red Robin Burger Works. IHOP has IHOP Express. Pizzeria Uno, Steak n' Shake and other brands are also testing or launching spinoffs.

"Honestly, it seems like a complete scramble in our industry to get into fast casual," says Chris Elliott, CEO of Tampa, Fla.-based sports-pub franchise Beef 'O' Brady's, which opened its first unit of Beef's Express this year. "Everyone is trying to get in there to find a niche. For us, this is a huge opportunity to capture some of that momentum."

Deliver Us From Pizza

More franchise brands are beginning to adopt home delivery. Spurred by the success of Champaign, Ill.-based Jimmy John's, which made its name with its fast delivery of sandwiches, eateries such as Taco Bell, Schlotzsky's, Cinnabon, Panera, Dunkin' Donuts and even McDonald's and Burger King are experimenting with delivery options. Building out a delivery infrastructure is cost-prohibitive for many brands; that's why most are turning to third-party delivery services like GrubHub, Postmates and Uber to bring their wares to customers' doors.

"With the emergence of social media, customers were able to voice their desires toward these brands, and the No. 1 request was for delivery," says Holger Luedorf, head of business development at Postmates in San Francisco. "It takes a lot of management to set up a delivery service. I think we're going to see most companies in the space opt for a delivery partner in the near future."

Let the Games Begin

Franchising has finally caught on to the gamification craze. Atlanta-based Schlotzsky's used its mobile app to launch an instant-win game that netted the company more than 43,000 social media followers. An Applebee's franchisee used a game called Bee Block to have employees compete on metrics like getting to work on time and upselling items, an effort that it says led to a 20 percent reduction in staff turnover and larger average tickets.

A Wireless Zone franchisee used FantasySalesTeam—a platform that lets employees put together a roster of salespeople to compete for prizes—and improved sales by 176 percent. Since the sale of FantasySalesTeam to Microsoft last August, other franchises have become interested in the platform, looking to gamification to engage customers, train employees and retain staff.

More Ways to Pay Early adopters have been testing the waters with Apple Pay, Google Wallet and apps that let customers pay at the table. Such systems are set to explode in 2016. Square, which enables vendors to process credit card payments via phone and iPad, says it will release an Apple Pay reader. And franchises that have been testing mobile apps, like Taco Bell, Dairy Queen, Dunkin' Donuts and Burger King, are likely to officially launch the payment options in the next few months.

Alt-Fi Goes Mainstream

During the Great Recession, it was almost impossible to get a loan to open a franchise. The SBA, banks and other sources of traditional financing dried up in a big way, and people with the skills and desire to open a franchise had to find alternative methods of acquiring startup cash. After many failures, fits and starts, some of those concepts and practices have gained a foothold.

ApplePie Capital, which makes loans to franchisees and then sells those loans to investors, launched this year in San Francisco and is working with 20-plus franchise partners. New York City-based BoeFly lets franchisees create one online loan application so they can be matched with compatible lenders, a service that a dozen franchise brands now support.

Meanwhile, flipping a 401k to invest in a franchise has become a common practice. Some franchise brands are even offering in-house financing.

"In 2003 when we launched, people were intrigued by IRA rollovers to start businesses," says David Nilssen, CEO of Bellevue, Wash.-based Guidant Financial. "Now, we are putting $140 million into franchising. We're seeing a significant number of franchisees utilizing this tool, and I think rollovers are now the No. 1 method of financing for franchises under $350,000."

Rock Steady

Perhaps one of the biggest trends of 2016 will turn out to be the continuing dominance of major categories that have emerged over the last five years.

Franchises for children are seeing a boom mainly through STEM (science, tech, engineering and math) concepts such as Bricks 4 Kidz, Young Engineers and Engineering for Kids. Tutoring services are also proliferating rapidly.

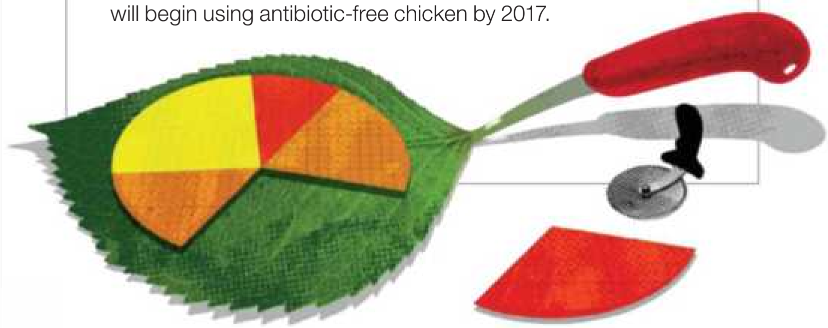
The fast-casual dining category is moving well beyond burritos and pizza to offerings like falafel, sushi and even customizable macaroni and cheese.

Meanwhile, senior-care franchises continue to launch in response to the growing elderly population. "A lot of it is driven by the aging of the Baby Boomers, and that doesn't peak until 2032," says Thom Gilday, president and COO of BrightStar, a senior-care franchise based in the greater Chicago area. "We're seeing a generation that continues to have higher disposable income and the desire to spend their senior years at home." With 301 units operating nationwide already, BrightStar expects to add 40 more in 2016.

Hot, Fast and Au Naturel

In July, Hardee's joined sister chain Carl's Jr. in adding the All-Natural Burger to its menu. The beef patty has no antibiotics, steroids or added hormones and comes from grass-fed, free-range cattle. It's a bid to lure back some of the health-conscious consumers who have abandoned fast food in favor of fast-casual fare.

Other chains have committed to eliminating artificial colors and preservatives from their products. Noodles & Company claims to have finished the process in October. Papa John's says it will remove 14 artificial ingredients from its pizza by the end of next year, a move that will cost the company $100 million. Pizza Hut and Taco Bell also started cutting out the bad stuff this year. Subway announced it will drop artificial ingredients by 2017. Even McDonald's joined the trend, announcing it will begin using antibiotic-free chicken by 2017.



Thar They Blow Blow-dry bars have been popular in large urban areas for years. Now the salons—where customers get their hair washed and styled for a big date, big meeting or just for fun—are blowing into the franchise world in a big way. Among the players: Blo, Primp and Blow, Cherry Blow Dry Bar, BlowBar Express, Moxie Blowdry & Beauty Bar and Posh Blow Dry Bar.

Uncertainty

In late 2014, the National Labor Relations Board ruled in a batch of unfair labor practice complaints that McDonald's was a joint employer with its franchisees. So instead of only franchisees—usually separate corporations—being on the hook for complaints about workplace harassment and the lack of overtime pay, corporate could also be legally responsible. In theory, the ruling opened a crack that allows fast-food workers and other franchise employees to unionize.

For more than a year interested parties waited for clarification of the ruling, and in August they got some. In a decision known as Browning-Ferris, the NLRB ruled that a recycling company was a joint employer with an industrial staffing service that it used, seeming to back up the idea that franchisors are co-employers. Now the franchise world enters 2016 in even deeper limbo, with some onlookers calling the ruling no big deal, others lauding the decision and still others contending that the sky is falling.

Steve Caldeira, former CEO and president of the International Franchise Association, said in a statement: "If allowed to go into effect, the impact of this new joint-employer rule would be sweeping and widespread, create havoc for the franchise industry and, ultimately, would inflict serious damage to our nation's economy." Happy New Year. □

A frequent contributor to Entrepreneur, *Jason Daley writes from Madison, Wis.*

OWN THE NEXT BIG THING

Discover hot trends with an upward trajectory, proven concepts for entrepreneurial investment, and new avenues for growth in 2016 with the opportunities featured in this section. The future is yours—it's time to own it.

CruiseOne
Travel

Orangetheory Fitness
Fitness

Petland
Pet Store

Cruise Planners
Travel

Sport Clips
Haircuts

Bricks 4 Kidz
Enrichment Program

Pillar to Post
Home Inspection

Sculpture Hospitality
Hospitality Management

Wild Birds Unlimited
Nature Shop

TURN YOUR LOVE OF PETS INTO A CAREER

Founded in 1967, Petland, Inc. is a franchise operation with quality, full service retail pet centers across the United States, Canada, Japan, China, Mexico, South Africa, Brazil and El Salvador. Petland is the only international specialty pet retailer that features pets. We provide our guests with a happy, healthy, quality, selection of pets and all of the supplies necessary to satisfy their needs.

A Petland franchise can be emotionally and financially rewarding. Petland has 44 years or experience supporting franchisees and more than 48 years operating company stores. Franchisee support includes assistance with the initial site selection and lease negotiations, the store design process, construction, merchandising, and supply-chain resources for pets and pet merchandise. We have extensive training programs, marketing and advertising support and financial services to provide accurate and timely guidance for Petland franchisees to reach their full potential.

Each market is different. Petland, Inc. and our franchisees work together to develop a model that will meet their needs in the market they want to develop. Petland locations range in size between 1,500 square feet and 20,000 square feet. Some locations are in smaller territories of just 25,000 people. Larger Petland territories have 250,000 people in a 5 mile radius. We offer Community Format Stores that have an increased focus on pet nutrition, pet merchandise, a smaller selection of pets and services. Our Traditional Format Stores maintain a wider selection of pets, pet nutrition, pet merchandise, and services. Additional services can range from grooming, dog training, daycare, boarding, and more.

65% of households in the United States have one or more pets according to APPA.* Forecasts indicate the pet industry will generate over $55 billion in the U.S. alone this year. The Petland business model has proven sustainable through many different economic conditions as many people consider their pet as part of the family and will spend accordingly. Pets appeal to almost everyone, not just a limited demographic, which is unique in retail. And with our community service and charities, we are truly making a difference every day.

AT A GLANCE

- Petland Franchise: products & services, pets, pet supplies, boarding, daycare, grooming
- Number of locations: 144
- Total Investment: 273.5k - $1M
- Founded: 1967 in Chillicothe, OH
- Began Franchising: 1971
- Franchise Fee: $35,000
- Ongoing Royalty Fee: 4.5%
- 20 Year Franchise Agreement, renewable

Petland

PETLAND PETS MAKE LIFE BETTER!™

ABOUT PETLAND

Discover the Petland Franchise Opportunity. Petland is dedicated to matching the right pet to the right customer and to meeting the needs of both.

PETLAND FAST FACTS

- Petland Franchise opportunities in the U.S. and throughout the world
- 144 Petland locations
- Petland provides you with extensive training before and after the opening of your Petland store
- Petland consistently ranks in *Entrepreneur*'s top Franchise 500

FOR MORE INFORMATION

Petland

P: 1-800-221-5935

E: franchise@petland.com

W: www.petland.com/franchise

*According to the American Pet Product Association 2015 National Pet Owners Survey

PROMOTING PEER ENGAGEMENT THROUGH AFTERSCHOOL PROGRAMS

As summer winds down, inevitably kids' nerves begin to show with the thought of the upcoming school year. The changes that lie ahead, be it a new school, teacher or a grade level, can create anxiety in many children.

Interacting with their peers in an afterschool classroom setting can help alleviate some of those fears. Whether a child excels at athletics, academics, is a musician, or an artist, finding the right enrichment program does not have to be a daunting task. Many parents are familiar with S.T.E.M. terminology and with the inclusion of arts in the mix STEM has evolved into STEAM. With science-, technology-, engineering-, arts- and mathematics-focused programs, children have the opportunity to learn afterschool what many curriculum cuts have depleted during regular school hours.

One standout program, Bricks 4 Kidz, helps to boost self-esteem in children with an award-winning, STEAM-based curriculum that boasts both learning through creative play and playing to learn with LEGO® Bricks. "Engaging with their peers in afterschool classes, students collaborate outside of their structured class, allowing for a broader scope of retention and participation," says Dan O'Donnell, COO of Creative Learning Corporation, the franchise developer of Bricks 4 Kidz.

Integrating these condensed classes into busy back-to-school schedules should be a priority for parents looking for project-based programs designed to improve social interaction, in-classroom engagement and academic performance.

When signing up for an afterschool program, look for one that:

- Emphasizes cognitive development, while building self-esteem in a fun environment.
- Implements relatable tools for children to learn with, such as LEGO® Bricks.
- Allows children the opportunity to work with peers as well as individually.
- Promotes creativity through engaging lesson plans.

"Our certified teachers guide students through model builds using cooperative teaching techniques as well as allowing for individual construction time for visionary thinkers," says Michelle Cote, founder of Bricks 4 Kidz. "Every new school year gives us a perfect chance to expose children to more creative learning with our proprietary model builds that we develop throughout the year."

LEGO® Bricks have become the ultimate afterschool teaching tool, illustrating the principles and methods of engineering with age and skill-appropriate lessons ranging from kindergarten through middle school. With the addition of gears, motors and robotics, children grasp technology through hands-on participation in these enrichment classes. Hours that were once lost to afterschool boredom can now be filled with a multitude of learning opportunities.

we learn, we build, we play with LEGO® Bricks

ABOUT BRICKS 4 KIDZ

Bricks 4 Kidz®, based out of St. Augustine, Florida uses LEGO® Bricks as the cornerstone of a successful business model; attracting entrepreneur's, forward thinking educators and reaching over 2,000,000 children in the last 5 1/2 years. Bricks 4 Kidz® offers fun and exciting classes, in-school workshops, birthday parties and camps that engage children while they focus on shared problem solving activities. Our fun filled proprietary model plans designed by engineers and architects captivate imaginations, while cultivating inquiring minds. Bricks 4 Kidz® theme based project kits inspire children's inquisitive nature and sense of exploration by reinforcing S.T.E.M. (science, technology, engineering and mathematics) based principles. This collaborative building process strengthens self-esteem, improving fine-motor skills and teaching important classroom lessons such as organization and following directions.

BRICKS 4 KIDS FAST FACTS

- Low cost franchise – mobile/home base business
- Low fixed overhead
- Large territory exclusivity
- Fast ramp up – high profit margins
- One of the fastest growing 750+ FRANCHISES SOLD IN 40 COUNTRIES IN THE PAST 6 YEARS

FOR MORE INFORMATION

Bricks 4 Kidz

P: (904)824-3133

E: www.bricks4kidz.com

WORKING PARTNERSHIPS IN TRAVEL: SELL THE WORLD TOGETHER WITH CRUISE PLANNERS

If you love to travel, grab your favorite travel buddy and take your passion to the next level!

Join more than 50 percent of Cruise Planners franchise owners who already enjoy the benefits of going into a franchise partnership with someone they know and trust. By starting a Cruise Planners partnership, both parties receive the best tools in the travel industry, a proven track record of excellence, and innovative marketing tools from one of the largest, most nationally-recognized and highly-awarded travel agencies in the country.

Diversifying your Reach

Partnering in a Cruise Planners franchise allows you to diversify your reach. Many parent/child partnerships find success when each partner markets to his or her own generational niche, while many married owners combine the activities they share together with their individual interests to increase their networking power. The beauty is that you have the freedom to find the formula that works best for your team!

Enjoying Together Time

Working with a trusted partner gives your franchise the added benefit of a built-in support system. Your schedule can be created to work side by side or individually at your own pace. What's more, having complementary schedules makes traveling together for work or leisure a breeze!

Support of a Franchise Network

Cruise Planners makes it easy to position your partnership for success by providing innovative marketing, booking and lead-generating tools, professional development, and hands-on training with the industry's top executives. Plus, Cruise Planners is an American Express Travel Representative, which lends instant credibility to new franchise owners and offers a variety of exclusive back-office support services and many more added benefits.

"It has always been a dream to work with my daughter – be our own bosses and enjoy life together. We travel together when we can, we bounce ideas off each other all the time, and much more. We are getting stronger each and every day!"
—**Terry S. McKinney**, ECC/LCS, *Cruise Planners Franchise owner since 2011*

ABOUT CRUISE PLANNERS

Cruise Planners, an American Express Travel Representative, is a low-cost home-based franchise opportunity that may yield high returns even without travel experience.

CRUISE PLANNERS FAST FACTS

- No previous travel experience necessary
- Startup Costs – $495 to $15,000
- 6-day training in Florida focused on travel, technology, and marketing
- Highest travel commissions with multiple revenue streams
- Turn-key, award winning marketing and advertising programs
- State-of-the-art technology and mobile tools allowing you to run your business from the palm of your hand
- On-demand virtual training programs offering more than 600 modules, videos, and webinars for continued education
- Proprietary accounting and customer management web-based software
- One-on-one coaching and development

FOR MORE INFORMATION

Cruise Planners

P: (888) 582-2150

E: franchising@cruiseplanners.com

W: CruisePlannersFranchise.com

PILLAR TO POST: A SOLID FOUNDATION FOR SUCCESS

Building a Better Future
Tom and Tracey Capuano know a thing or two about the importance of a strong foundation to build upon. Before they opened their Pillar To Post Home Inspectors franchise in 1998, the couple faced bankruptcy, resolving to purchase their franchise on their final credit cards. Yet backed by a support system that has made Pillar To Post *Entrepreneur* Magazine's #1 home inspection franchise, the couple prospered, performing their 25,000th home inspection in November 2013 and having grown their business by 10% each year since its inception offering home inspection services to residents in the Cincinnati area.

Now, the Capuanos employ six full-time home inspectors, a marketing representative, a customer service representative and an accounting clerk. The Capuanos' story illustrates the kind of success possible when you combine a strong work ethic, a passion for a job well done and a level of guidance provided by a strong franchisor.

Pillar To Post has become North America's largest home inspection franchise on the back of the thorough home inspection services franchisees like the Capuanos provide. Tom and Tracey Capuano found the perfect franchise for them. Here they provide a few helpful tips for choosing a franchise that's right for you:

- Make sure you choose a franchise that was founded on principles you agree with. To determine that, ask yourself questions like: "Does the franchisor always have the best interests of the franchisee as a top priority?" and "Does the franchise operate around a set of ethical guidelines and have they stayed true to those principles?
- A franchisee is only as successful as the level of support the franchisor provides. Even the most senior business person stands to benefit from a support system that can help ensure his/her success.
- Sustainability isn't only about energy. It's important to choose a concept that has shown consistent, sustained growth over the years. This goes a long way in ensuring your own continued success in the future.
- Are the franchisor's values and goals in line with yours and particularly with your future goals in respect to growth, exit strategy, retirement, etc?

As home sales rebound, the need for home inspectors grows with it. The real estate community is dependent upon good relationships with a home inspection company that is well branded and also known for their integrity and excellent reputation. That's why it is the ideal time to join the ranks of Pillar To Post Home Inspectors. The company has continuously ranked Number One in their category on *Entrepreneur*'s Franchise 500® list. In addition, Pillar To Post was recently named a top franchise for veterans by *U.S. Veterans Magazine* and World Franchising Network.

A Reputation of Support
Beyond the thorough home inspections its franchisees perform, Pillar To Post is also famous for the support system it provides for franchisees, which includes:

- Business ownership at low upfront costs.
- Training and access to our Foundations For Success program so you can earn money faster.
- Easy and proven marketing plan to grow your business.
- A powerful brand supported by strategic marketing and dedicated public relations programs so you can grow your business in your local community.

PILLARTOPOST HOME INSPECTORS

ABOUT PILLAR TO POST

Founded in 1994, Pillar To Post Home Inspectors is the largest home inspection company in North America with 450 franchisees, located in 48 states and eight Canadian provinces. Long-term plans include adding 500-600 new franchisees over the next five years. Pillar To Post has been ranked the No. 1 home inspection franchise in North America by *Entrepreneur* Magazine.

PILLAR TO POST FAST FACTS

- Low Investment
- Home Based
- Franchise Business Review's Top 50 in Franchisee Satisfaction
- Flexibility for Improved Work/Life Balance

FOR MORE INFORMATION

Pillar to Post

P: (888) 582-2150

E: franchise@pillartopost.com

W: www.pillartopostfranchise.com

WILD BIRDS UNLIMITED: A FRANCHISE THAT BRINGS PEOPLE AND NATURE TOGETHER!

At first glance, you might think that Wild Birds Unlimited just sells bird seed. But dig a little deeper and you'll find that our franchise store owners really sell joy! The joy of interacting with birds and nature.

WBU franchise store owners are enthusiastic about the hobby of bird feeding and about bringing joy to customers' lives by helping them enjoy birds and nature in their own backyards. They're also passionate about self-employment and building a business enterprise.

Store owners voted us #1 for owner satisfaction in the 2015 Franchise Business Review survey - Retail Category, so we know we're doing something right! And, we are committed to continually learning from our franchise community to identify best practices for success – then communicate, train and equip you to achieve your goals.

Barbara Whipkey of St. Mary's County, MD opened her store in September 2015 and recently shared this about her ownership experience and how customers have reacted to having a Wild Birds Unlimited store open in their community:

"*Over the past few days I've come to the conclusion the store is developing into exactly the vision I had for it and maybe even more. A few days ago a guy came in to drop off a movie for me to watch. He had told me about it a few days before and I planned to rent it. I was completely caught off guard when he appeared with it in hand - great movie, by the way.*

I've also had a couple of people who walked in the door as strangers, but before leaving stopped to give me a hug. The latest was today, when the lady practically ran around the counter to hug me. Several customers have dropped off photos for our community board or just showed up to show a cell phone photo, ask a question or to tell a story.

Listening to the excitement of new backyard bird feeders enjoying their new hobby is such a wonderful feeling and I'm excited to be a part of seeing them finding enjoyment in nature. Yep, I love my job!"

If spending your days bringing people and nature together sounds like a good fit for you, we invite you to inquire about the Wild Birds Unlimited franchise opportunity.

Wild Birds Unlimited® Nature Shop

ABOUT WILD BIRDS UNLIMITED

Wild Birds Unlimited is the largest franchise of backyard bird feeding retail stores in North America, helping customers attract and enjoy birds and nature.

WBU FAST FACTS

- Bird Feeding and Wildlife Watching is a $6.9 billion-a-year industry
- Wild Birds Unlimited is a business focused on the joy of bringing people and nature together
- Ranked #1 in Retail for Franchisee Satisfaction and Top 10 of all franchises
- Average over $525,000 in top line sales in 2014*
- Average over $73,000 in Owner's Cash Flow in 2013*

*Per 2015 FDD Item on file at Wild Birds Unlimited, Inc. company headquarters

FOR MORE INFORMATION

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ORANGETHEORY FITNESS: THE HOTTEST FITNESS FRANCHISE IN THE WORLD

Orangetheory Fitness (www.orangetheoryfitness.com), ranked as one of the best workouts today by Men's Journal and #399 on Inc. magazine's list of the 5,000 Fastest Growing Privately-Held Companies in the United States, is a one-of-a-kind, heart-rate based, group personal training workout broken into intervals of cardiovascular and strength training, otherwise known as HIIT (high intensity interval training). Backed by the science of excess post-exercise oxygen consumption (EPOC), Orangetheory's heart-rate-monitored training is designed to maintain a target zone that stimulates metabolism and increases energy. Classes are led by skilled personal trainers that have participants using a variety of equipment including treadmills, rowing machines, TRX® suspension training and free weights that results in the average person burning 500 – 1,000 calories per workout. The result is the Orange Effect – more energy, visible toning, improvement of endurance, strength and power, and an extra calorie burn for up to 36 hours post-workout. Otherwise known as the Orangetheory Fitness Afterburn!

Launched in 2010, Orangetheory Fitness has quickly become one of the world's top fitness franchises, with 200 open studios (as of April 2015) in 28 states, and more than 600 franchise licenses awarded in the United States, Mexico, Canada, Australia, Colombia and the United Kingdom.

"It's incredible that in just five years we've been able to muscle our way into the highly competitive fitness industry and become a leader," said Dave Long, chief executive officer of Orangetheory Fitness. "It all started in 2010 with a single Fort Lauderdale studio, and we are now an international brand with demand for Orangetheory Fitness studios growing each day. Our explosive growth both domestically and internationally has been fueled by our unique workout solution and a successful franchise business model. Our concept is focused on results, and the small studio footprint allows us to open in high-traffic areas that provide our owners with a huge competitive advantage. We look forward to continued growth in existing markets and expansion into new markets in 2015."

Franchise and Area Developer Opportunities

Orangetheory Fitness is currently accepting qualified franchisees and area developers for U.S. and Master Developers for international markets. To ensure franchisees can maximize their potential as Orangetheory Fitness owners, the company's comprehensive training and marketing programs are focused on building and sustaining a profitable business and strong brand identity. Franchisees benefit from a robust support system that includes everything from field training to personal trainer recruitment. The experienced leadership team provides expertise and assistance with business plan development, paperwork and infrastructure. Orangetheory Fitness provides guidance in all phases of the start-up process, plus the ongoing support needed to ensure long-term success.

orangetheory® FITNESS

ABOUT ORANGETHEORY

Orangetheory Fitness is a one-of-a-kind, heart-rate based, group personal training workout broken into intervals of cardiovascular and strength training, otherwise known as HIIT (high intensity interval training).

ORANGETHEORY FAST FACTS

- Unique business model, with minimal inventory and comprehensive franchisee support
- Prospective franchisees need a minimum of $150,000 in liquidity
- #399 on *Inc.* magazine's 5,000 fastest growing privately-held corporations in the United States and ranked on the Entrepreneur Franchise 500®
- More than 600 franchise licenses awarded
- Zero unit closures

FOR MORE INFORMATION

Orangetheory Fitness

P: (954) 530-6903

E: sales@orangetheoryfitness.com

W: www.otffranchise.com
www.orangetheoryfitness.com

A GREAT HAIRCUT EXPERIENCE AN EVEN BETTER BUSINESS OPPORTUNITY!

The Story Behind Sport Clips
It all started with a slam-dunk business idea. In the early 1990s, Gordon Logan recognized the huge potential, and relative lack of competition, in the men and boys' haircut market. He wanted to create a place where guys could take care of one of life's necessities—a haircut—and say, "This is my kind of place, I feel comfortable here," when they walked in the door.

Assembling a group of passionate industry professionals, Gordon and his team worked together to develop the unique Sport Clips Haircuts concept of providing "championship haircut experience for men and boys in an exciting sports environment".

The signature MVP Experience includes a precision haircut, massaging shampoo, hot steamed towel treatment and neck and shoulder massage. "When our clients come in to get a haircut, the MVP Experience turns a necessary task into a 20-minute vacation," Logan says. "While they lead busy lives, we've found that our clients come back to us - not just for a haircut – but, for the experience we provide."

An Attractive Opportunity
Sport Clips has provided great experiences for our Clients and great opportunities for our franchisees. With over 1,400 stores and adding over 150 new locations each year, Sport Clips is by far the leading men's and boys' haircut franchise in North America, in all 50 states and Canada.

For entrepreneurs looking to build a business, Sport Clips offers an attractive opportunity with no hair care experience required. Our semi-absentee/manager run business model allows you to work ON your business, not IN your business. Sport Clips Haircuts offers the freedom of being your own boss, with the security of an industry leader supporting you every step of the way. You can even keep your current job while building your future. Best of all, Sport Clips is a recession resistant business and not at the mercy of commodity prices.

The Sport Clips Difference
Sport Clips has a **98.3% franchise continuity rating**, an honor based on five years of real data, during which time **only five Sport Clips stores have closed in the entire country**. This number is almost unheard of in the franchise industry! What does this mean for you? **Security. Confidence. Freedom.**

How is our continuity rate so high? At Sport Clips, we are careful to bring the right candidates on board and then we provide ongoing and superior support and training for our franchise owners. We have a tried-and-true model and we use proven training programs and advanced support tools to ensure that our franchisees have every chance of success. **This has resulted in impressive 7-10% same store sales growth for the past five years**.

Discover A Rewarding Franchise Experience with Sport Clips!

SportClips HAIRCUTS

IT'S GOOD TO BE ~~A GUY~~ AN OWNER

ABOUT SPORT CLIPS

Sport Clips is a strong national franchise with a proven business model, low startup costs, and no perishables. We have a semi-absentee/manager-run business model that allows you to work ON your business, not IN your business.

SPORT CLIPS FAST FACTS

- Total Units: 1,400+ in 50 states
- Franchise Fee: $59,500 for 3 licenses or $25,000 for single (qualified veterans)
- Avg Investment Range: $168,300-$326,500
- Top Franchise to Buy for its investment category by *FORBES* magazine
- Top Personal Service Franchise by *Entrepreneur* magazine

FOR MORE INFORMATION

Sport Clips Franchise Recruitment

P: 800.872.4247 ext. 1

E: Franchise.Recruitment@SportClips.com

W: www.sportclipsfranchise.com

DISCOVER YOUR OPPORTUNITY IN TRAVEL

CruiseOne provides the work-life balance you desire, in an industry which offers one of the most fun and rewarding opportunities around. Franchisees are provided with extensive initial training and 24/7 ongoing education. Plus, with web-based business tools, franchise owners receive the freedom to conduct their business from anywhere in the world with an internet connection. If you have an entrepreneurial spirit and a passion for travel, this could be the opportunity for you.

Full Training & Support - No Experience Required
Initial training takes place at CruiseOne's state-of-the-art learning center located in its Fort Lauderdale, FL world headquarters. Plus, a dedicated support team is available six day a week via phone, email or instant chat for continuous guidance as well as 24-hour technical support. Dynamic continuous learning and certifications are essential to the growth of your business and are available 24/7 in a virtual training platform. What's more, live weekly webinars focusing on the core components of the business ensure your success.

Award-Winning Marketing & Lead Generation
CruiseOne spends more than $1 million a year generating leads and brand awareness on behalf of their franchisees. You are provided with an established one-of-a -kind "Four Dimensional Marketing Plan" that includes online marketing, offline marketing, public relations and an in-the-field marketing and business development team to support you with your localized plan.

Innovative Technology and Mobile-Friendly Websites
CruiseOne provides web-based business tools that include everything you need to market, sell and service your clients. At no additional cost, all franchisees receive multiple consumer websites that are mobile-friendly and drive online bookings. Clients can book directly through your websites; reinforcing the personal touch that the client desires with the convenience they expect from a leading travel provider.

Create the Work-Life Balance you Desire
CruiseOne's flexible "work-from-anywhere" environment and the excitement of the travel industry appeal to just about everyone.

The CruiseOne model allows you to work from home, but also gives you the option of working part-time, full-time, or working from an office or storefront.

Low-Cost, Low-Overhead Business
CruiseOne is a less than $10,000 investment with no inventory. Top that off with CruiseOne's flexible financing options and becoming a franchise owner is easier and more affordable than ever. Owning a CruiseOne franchise is the perfect opportunity to discover your love for travel. This road toward success is paved with minimal risk and maximized profits, so take that first step toward your future today.

CRUISEONE Dream Vacations Start Here

ABOUT CRUISEONE

CruiseOne, a World Travel Holdings company, is the world's largest cruise agency. Discover your love for travel and start a home-based travel business for less than $10,000.

CRUISEONE FAST FACTS

- 30 percent of our franchise owners are U.S. Veterans and Military spouses
- 20% OFF the initial franchise fee for U.S. Veterans
- 10% OFF the initial fee as part of our DiversityFRAN initiative
- Celebrating 23 years in business with 1000 Franchise Owners
- No previous travel experience required – full training and support provided
- Less than $10,000 investment, with financing available

FOR MORE INFORMATION

CruiseOne

P: (800) 822-6506

E: Recruitment@wth.com

W: CruiseOneFranchise.com

Learn how easy it is to get started in the travel industry!

FOLLOW THE LEADER

Sculpture is an award winning, Franchise company, committed to providing an industry leading family of brands and services to the restaurant and hospitality industry. Our flagship brand Bevinco is regarded as the gold standard for bar and food inventory services. Our Bevinco Mobile app is the fastest and most accurate bar inventory software for cutting edge operators. Bevchek is the global leader for draft beer management providing detailed flow, sales, temperature and inventory data in real-time online.

Sculpture has a proven reputation for getting results for our clients. Our established and respected brand has allowed us to develop hundreds of successful franchisees worldwide.

Our franchisees help operators save money and make educated data driven decisions to help them improve their business performance. Our franchisees are truly partners in their business and do the things for them that they either don't have the time or the desire to do, like managing their inventory.

We are seeking highly motivated and driven franchisees who share our passion for providing exceptional service to restaurant and bar operators. Our franchise provides you with an excellent quality of life and the ability to be your own boss in a dynamic, energetic industry.

I definitely love working for myself. One of the unexpected bonuses has been the gratitude of some owners. At the same time, corporate is constantly moving forward with new products and services. They make sure that we're on the cutting edge and have the best tools to help our clients."

—**Frank Sulloway**, Sculpture Hospitality of the Cape Fear (Wilmington, NC)

"The most rewarding part of being a Sculpture Hospitality Franchisee is the satisfaction I gain from making a real difference in each client's life. We are their trusted advisor in their operation providing real solutions to real business needs."

—**Tristen Jones**, Sculpture Hospitality of North Austin TX

"Being able to help clients and being recognized as an expert in the field is my favorite part of being a Sculpture Hospitality franchisee. I get to do what I love to do. I help people. Sculpture's corporate team has provided me with knowledge, technical support and advice, and provides us with the best tools out there."

—**Frank Castle**, Sculpture Hospitality of South Florida

sculpture hospitality

ABOUT SCULPTURE HOSPITALITY

Sculpture Hospitality provides trusted inventory and profit solutions to the restaurant and hospitality industry worldwide.

SCULPTURE FAST FACTS

- Established franchise since 1987 with over 380 franchises
- Unlimited income potential
- Low capital investment territories that yield high returns

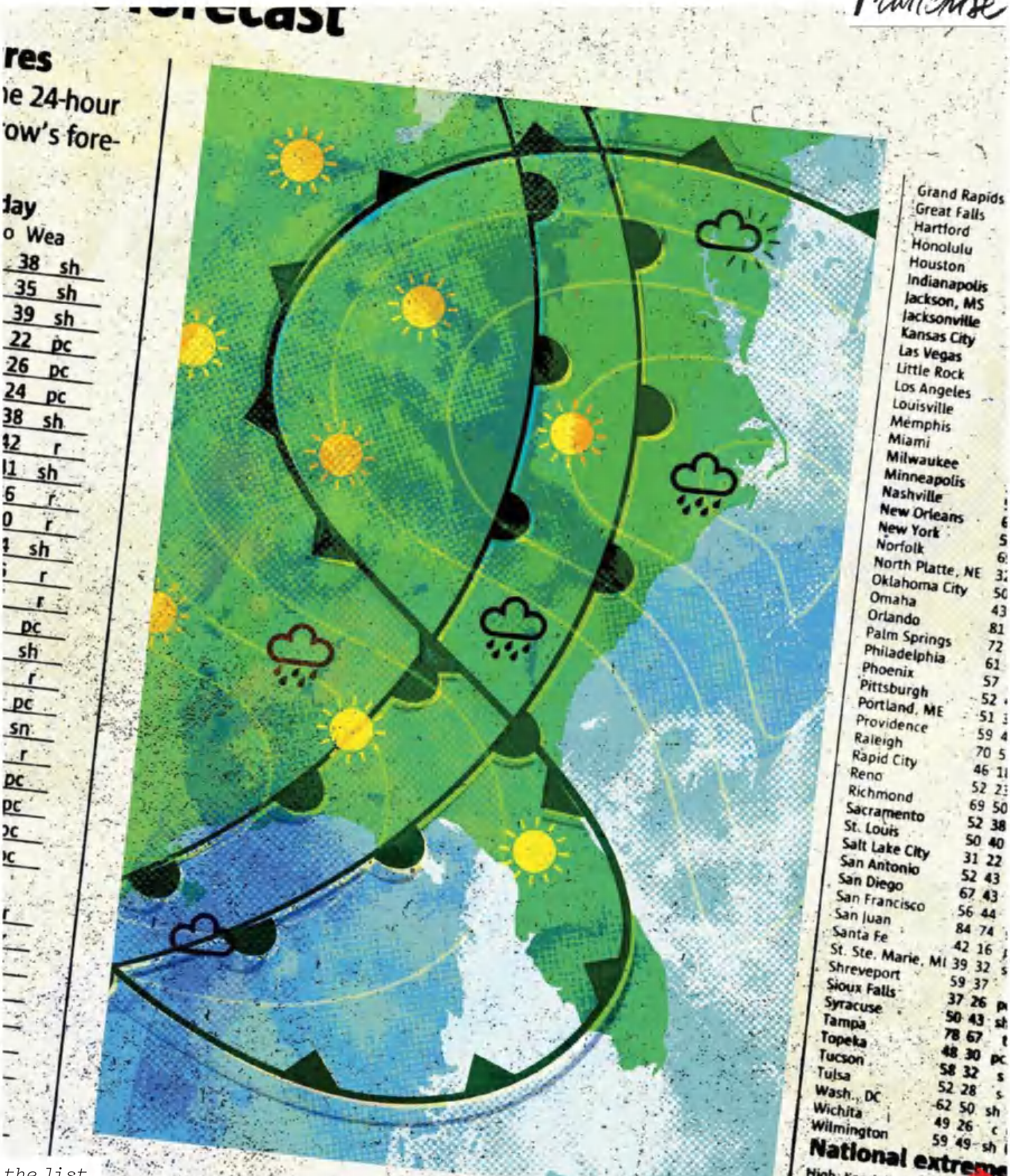
FOR MORE INFORMATION

Sculpture Hospitality
210-515 Consumers Rd
Toronto, ON M2J 4Z2

P: (416) 490-6266 / (888) 238-4626

E: info@sculpturehospitality.com

W: www.sculpturehospitality.com



the list

FRANCHISE FORECAST

Our list of the top 10 trending categories for 2016

By Tracy Stapp Herold

Illustration by Gary Neill

WHAT DOES the future hold for the franchise world? Every December we like to make predictions for which categories will lead the way in the year ahead. Our 10 picks for 2016 range from practical services like outdoor pest control and property management to personal indulgences like baked goods. Some, like fitness and children's enrichment, are well-established but still-growing industries, while others, like salon suites, are newer ideas just coming into their own. Whatever their differences, they all have one thing in common: potential.

You'll find all 10 trending categories on these pages, along with a list of franchise opportunities available in each category—and some insight into how they made it onto our radar for the coming year.

This list is not a ranking and is not intended as an endorsement of any particular company. No matter what sector of franchising you pursue, always do your research before investing. Read the company's legal documents, consult with an attorney and an accountant and talk to knowledgeable franchisees about their experiences.

XAVIER RICHER/GETTY IMAGES

BAKED GOODS

Low-carb, schmo-carb! Diet trends haven't put a dent in the growth of franchises offering sweet, wheat-filled treats, like doughnuts, cupcakes, pretzels and cinnamon rolls. The appeal appears to be universal, with many of these companies expanding even faster internationally than in the U.S.

Auntie Anne's Hand-Rolled Soft Pretzels
Soft pretzels
Startup cost: $196.5K-$370.1K
Total franchises/ co.-owned: 1,602/15

Ben's Soft Pretzels
Soft pretzels, dipping sauces, beverages
Startup cost: $124K-$308K
Total franchises/ co.-owned: 31/6

Between Rounds Bakery Sandwich Cafe
Bagels, baked goods, deli items, sandwiches, catering
Startup cost: $313K-$416K
Total franchises/ co.-owned: 1/3

Big Apple Bagels/ My Favorite Muffin
Bagels, sandwiches, muffins, coffee, smoothies
Startup cost: $273.3K-$397.1K
Total franchises/ co.-owned: 82/0

Breadsmith
Hearth-baked breads
Startup cost: $354.3K-$399.9K
Total franchises/ co.-owned: 31/2

Cinnabon
Cinnamon rolls, baked goods, coffee
Startup cost: $180.1K-$387.5K
Total franchises/ co.-owned: 1,245/1

Cinnaholic
Cinnamon rolls, coffee
Startup cost: $170K-$273.5K
Total franchises/ co.-owned: 1/0

Corner Bakery Cafe
Breads, salads, sandwiches, soups, baked goods
Startup cost: $843K-$2.4M
Total franchises/ co.-owned: 70/114

Crumb & Get It Cookie Company
Made-to-order cookies
Startup cost: $128.7K-$178.5K
Total franchises/ co.-owned: 1/1

Dunkin' Donuts
Coffee, doughnuts, baked goods
Startup cost: $217.3K-$1.6M
Total franchises/ co.-owned: 11,460/0

Gigi's Cupcakes
Cupcakes
Startup cost: $235.5K-$396K
Total franchises/ co.-owned: 99/2

Great American Cookies
Cookies
Startup cost: $183.2K-$316.7K
Total franchises/ co.-owned: 357/0

Great Harvest Franchising
Bread bakery
Startup cost: $117.8K-$622.7K
Total franchises/ co.-owned: 198/0

House of Bread
Specialty breads, muffins, scones
Startup cost: $157K-$347K
Total franchises/ co.-owned: 8/1

Krispy Kreme Doughnut
Doughnuts, coffee
Startup cost: $275K-$1.9M
Total franchises/ co.-owned: 917/113

Americans gobbled up **770 million cupcakes** in 2012.

Nestle Toll House Cafe by Chip
Bakery cafe
Startup cost: $148.3K-$497.3K
Total franchises/ co.-owned: 150/5

Philly Pretzel Factory
Pretzels
Startup cost: $119.9K-$343.2K
Total franchises/ co.-owned: 153/9

Pretzelmaker
Pretzels
Startup cost: $154.5K-$237.8K
Total franchises/ co.-owned: 294/0

Rise Biscuits and Donuts
Biscuits, donuts, pastries, cakes, sandwiches, coffee
Startup cost: $281.1K-$412.5K
Total franchises/ co.-owned: 0/1

Sweet Arleen's International
Cupcakes, cakes, bread pudding
Startup cost: $270.6K-$439K
Total franchises/ co.-owned: 3/1

Sweet Times Cupcakes
Cupcakes
Startup cost: $147.8K-$207.4K
Total franchises/ co.-owned: 0/1

2Good2B
Gluten-, corn- and soy-free bakery and cafe
Startup cost: $278K-$968.5K
Total franchises/ co.-owned: 0/1

We're Rolling Pretzel Company
Soft pretzels, lemonade, frozen drinks
Startup cost: $117K-$260K
Total franchises/ co.-owned: 18/14

Wetzel's Pretzels
Soft pretzels, lemonade, hot dogs
Startup cost: $156.6K-$370.9K
Total franchises/ co.-owned: 290/8

SKODONNELL/GETTY IMAGES

CHILDREN'S ENRICHMENT

Parents will do whatever it takes to help their kids get ahead, but many schools have had to cut back on extracurricular classes and activities. Franchises have risen up to meet the demand instead, offering enrichment programs in art, music, science and sports.

Abrakadoodle
Art-education programs
Startup cost: $25.4K-$56.9K
Total franchises/ co.-owned: 183/2

Amazing Athletes
Educational sports programs
Startup cost: $39.7K-$55.7K
Total franchises/ co.-owned: 85/0

Baby Power/ Forever Kids
Play and enrichment programs
Startup cost: $88.2K-$110.7K
Total franchises/ co.-owned: 8/0

Bach to Rock
Music schools
Startup cost: $370K-$522.5K
Total franchises/ co.-owned: 4/6

Brick by Brick
Lego-building classes, camps, parties
Startup cost: $34.2K-$179.5K
Total franchises/ co.-owned: 5/2

Bricks Bots & Beakers
Science, technology, engineering and math camps, classes, parties
Startup cost: $17.6K-$27.5K
Total franchises/ co.-owned: 12/2

Bricks 4 Kidz
Lego-engineering classes, camps, parties
Startup cost: $33.8K-$51.1K
Total franchises/ co.-owned: 672/2

British Swim School USA
Swimming lessons for ages 3 months and up
Startup cost: $74.7K-$223.9K
Total franchises/ co.-owned: 19/2

Chef It Up!/ Chef It Up 2 Go!
Cooking classes and parties for children and adults
Startup cost: $16.4K-$59.8K
Total franchises/ co.-owned: 10/1

CompuChild
Science, technology, engineering, art and math classes
Startup cost: $18.3K-$33K
Total franchises/ co.-owned: 45/1

D-BAT Academies
Indoor baseball and softball training, batting cages, merchandise
Startup cost: $310.2K-$606.6K
Total franchises/ co.-owned: 23/0

Drama Kids International
After-school drama classes and summer camps
Startup cost: $28.5K-$46.5K
Total franchises/ co.-owned: 195/0

Engineering for Kids
Math, science, technology and engineering activities
Startup cost: $26.9K-$93.6K
Total franchises/ co.-owned: 134/2

FasTracKids International Ltd.
Enrichment education
Startup cost: $48.1K-$203.5K
Total franchises/ co.-owned: 265/0

Franchise Little Engineers
Engineering and technology after-school programs, summer camps and events
Startup cost: $23.6K-$51.4K
Total franchises/ co.-owned: 0/1

Fun Bus Fitness Fun on Wheels
Mobile children's fitness programs
Startup cost: $85K-$114K
Total franchises/ co.-owned: 31/0

Goldfish Swim School Franchising
Infant and child swimming lessons
Startup cost: $1.4M-$1.9M
Total franchises/ co.-owned: 22/1

Great Play Children's Gyms
Children's gym
Startup cost: $189K-$426.5K
Total franchises/ co.-owned: 11/1

Gym On Wheels
Mobile children's gymnastics and fitness classes
Startup cost: $27.3K-$51.4K
Total franchises/ co.-owned: 3/3

Gymboree Play & Music
Parent/child play and learning programs
Startup cost: $106.7K-$273.5K
Total franchises/ co.-owned: 701/6

HappyFeet Legends International
Soccer programs for ages 2 to 18
Startup cost: $21.3K-$25.2K
Total franchises/ co.-owned: 171/4

High Touch-High Tech
Science activities for schools/parties
Startup cost: $59.9K-$63.6K
Total franchises/ co.-owned: 163/28

Hobby Quest
Enrichment programs, camps, workshops, parties
Startup cost: $39.2K-$54.7K
Total franchises/ co.-owned: 6/1

Ho Math Chess Tutoring Center
After-school math, chess and puzzle learning programs
Startup cost: $3.5-$31.5K
Total franchises/ co.-owned: 9/1

i9 Sports
Youth sports leagues, camps and clinics
Startup cost: $44.9K-$69.9K
Total franchises/ co.-owned: 123/16

IslandTime Treasures
Art-based science, engineering and math classes
Startup cost: $13K-$25.9K
Total franchises/ co.-owned: 11/2

JumpBunch
Mobile children's sports and fitness programs
Startup cost: $40.3K-$73.5K
Total franchises/ co.-owned: 58/0

Kidokinetics
Mobile children's fitness programs
Startup cost: $42.9K-$57K
Total franchises/ co.-owned: 5/10

KidzArt
Art-education programs, products and services
Startup cost: $36.1K-$43.7K
Total franchises/ co.-owned: 79/0

continued >

Only one in three children is **physically active** every day, according to the National Association for Sport and Physical Education.

Children's Enrichment *(continued)*

Kidz On The Go
Mobile children's fitness programs
Startup cost: $100K-$125K
Total franchises/ co.-owned: 2/2

Kinderdance International
Movement/educational programs
Startup cost: $14.9K-$46.1K
Total franchises/ co.-owned: 132/2

Leap4Fun
Mobile dance and gymnastics programs
Startup cost: $26.7K-$51.6K
Total franchises/ co.-owned: 0/1

LearningRx
Learning enhancement, cognitive training, reading training
Startup cost: $102.3K-$200.8K
Total franchises/ co.-owned: 81/1

The Little Gym
Development/fitness programs
Startup cost: $145.8K-$366K
Total franchises/ co.-owned: 302/0

Little Medical School
Medical-theme after-school and summer-camp programs
Startup cost: $27.4K-$45.8K
Total franchises/ co.-owned: 3/2

Mad Science Group
Science education and entertainment programs
Startup cost: $70.3K-$89.8K
Total franchises/ co.-owned: 157/0

Mighty Kicks
Mobile soccer programs for ages 2 to 7
Startup cost: $9.2K-$15.2K
Total franchises/ co.-owned: 23/1

Moolah U Franchising
Financial literacy programs for children
Startup cost: $33.9K-$45.8K
Total franchises/ co.-owned: 2/1

Eighteen percent of U.S. children participated in an **after-school program** in 2014—up from 11 percent in 2011. On average, children spend more than seven hours a week in after-school programs.

My Gym Children's Fitness Center
Early-learning/fitness programs
Startup cost: $34.3K-$247.2K
Total franchises/ co.-owned: 352/0

Nutty Scientists
Science education and entertainment programs
Startup cost: $40.3K-$54.6K
Total franchises/ co.-owned: 246/3

NZone Sports of America
Sports leagues and camps for ages 3 to 18
Startup cost: $41.1K-$56.1K
Total franchises/ co.-owned: 33/0

One Sports Nation
Youth sports leagues
Startup cost: $28.9K-$45.9K
Total franchises/ co.-owned: 6/1

Parisi Speed School
Youth performance training
Startup cost: $79K-$171.3K
Total franchises/ co.-owned: 90/0

Parker-Anderson Enrichment
Enrichment programs
Startup cost: $32.5K-$64.6K
Total franchises/ co.-owned: 2/1

Professor Egghead
Science and engineering programs for ages 4 to 10
Startup cost: $21.3K-$34.8K
Total franchises/ co.-owned: 2/2

RedLine Athletics
Youth athletic training
Startup cost: $133.8K-$224K
Total franchises/ co.-owned: 3/0

Romp n' Roll
Recreational and enrichment classes, camps, parties
Startup cost: $199K-$286.5K
Total franchises/ co.-owned: 71/3

SafeSplash Swim School
Child and adult swimming lessons, parties, summer camps
Startup cost: $45K-$1.5M
Total franchises/ co.-owned: 48/22

School of Rock
Music education
Startup cost: $137.4K-$328.6K
Total franchises/ co.-owned: 141/14

Skyhawks Sports
Sports camps and programs
Startup cost: $23.3K-$67.7K
Total franchises/ co.-owned: 36/36

Soccer Shots Franchising
Soccer programs for ages 2 to 8
Startup cost: $31.7K-$38.5K
Total franchises/ co.-owned: 156/10

STEM For Kids
Engineering, computer programming and robotics programs for ages 4 to 14
Startup cost: $63.8K-$81.5K
Total franchises/ co.-owned: 0/4

SuperTots Sports Academy
Sports and physical development programs for ages 5 and younger
Startup cost: $18K-$55.5K
Total franchises/ co.-owned: 24/0

Taste Buds Kitchen
Cooking events for children and adults
Startup cost: $183.8K-$286.9K
Total franchises/ co.-owned: 3/1

TGA Premier Junior Golf
Youth golf programs
Startup cost: $16.2K-$67.2K
Total franchises/ co.-owned: 52/2

TGA Premier Youth Tennis
Youth tennis programs
Startup cost: $16.2K-$67.2K
Total franchises/ co.-owned: 27/1

Tippi Toes
Children's dance classes
Startup cost: $52K-$62.5K
Total franchises/ co.-owned: 20/1

Wee Little Arts
Preschool art-education programs
Startup cost: $31.4K-$46.9K
Total franchises/ co.-owned: 9/3

The Whole Child Learning Company
Enrichment and tutoring programs
Startup cost: $32.6K-$38.8K
Total franchises/ co.-owned: 46/4

Young Rembrandts Franchise
Art classes for ages 3 to 12
Startup cost: $40.2K-$48.9K
Total franchises/ co.-owned: 107/0

Zaniac
Science, technology, engineering and math after-school programs and camps
Startup cost: $157.5K-$303K
Total franchises/ co.-owned: 2/2

FITNESS

The world of fitness franchising shows its muscle every year. While big gyms offering a variety of classes and equipment continue to grow, many newer franchises are choosing to specialize in a single service that patrons can get passionate about, like boxing, barre, yoga or cycling.

Anytime Fitness
Fitness center
Startup cost: $62.9K-$417.9K
Total franchises/ co.-owned: 2,833/36

Baby Boot Camp/ Karna Fitness
Prenatal and postnatal fitness; women's private and small-group training
Startup cost: $4.8K-$10.2K
Total franchises/ co.-owned: 121/1

Brickhouse Cardio Club
Fitness studio
Startup cost: $22.5K-$39.4K
Total franchises/ co.-owned: 59/1

continued >

DRAZEN VUKELIC/GETTY IMAGES

Fitness *(continued)*

CKO Kickboxing
Kickboxing fitness classes
Startup cost: $108.3K-$363.9K
Total franchises/ co.-owned: 54/2

Club Metro USA Franchising
Fitness and wellness services
Startup cost: $827K-$1.5M
Total franchises/ co.-owned: 15/0

Club Pilates
Pilates classes
Startup cost: $28.8K-$206.1K
Total franchises/ co.-owned: 40/5

Crunch Franchising
Fitness center
Startup cost: $304.5K-$1.4M
Total franchises/ co.-owned: 83/9

Cyclebar
Indoor cycling classes
Startup cost: $255.7K-$599.3K
Total franchises/ co.-owned: 0/3

The Exercise Coach
Personal training, nutritional guidance
Startup cost: $106.7K-$246K
Total franchises/ co.-owned: 30/2

Fit4Mom
Prenatal and postnatal fitness programs
Startup cost: $2.4K-$18.2K
Total franchises/ co.-owned: 244/1

Get In Shape For Women
Small-group personal training for women
Startup cost: $55.9K-$188.8K
Total franchises/ co.-owned: 83/4

Gold's Gym
Health and fitness center
Startup cost: $1M-$3.9M
Total franchises/ co.-owned: 558/150

GymGuyz
Mobile personal training
Startup cost: $68.2K-$166.7K
Total franchises/ co.-owned: 28/4

There were **34,460 health clubs** in the U.S. in 2014, with 54.1 million members.

High Altitude Personal Training
Personal training
Startup cost: $261.3K-$365.5K
Total franchises/ co.-owned: 0/1

iLoveKickboxing.com
Kickboxing fitness classes
Startup cost: $120.1K-$309.95K
Total franchises/ co.-owned: 96/6

Impact Strong Kickboxing/Fitness
Kickboxing and fitness gym
Startup cost: $49.9K-$87.3K
Total franchises/ co.-owned: 4/1

Iron Tribe Fitness
Group personal-training gym
Startup cost: $305K-$438.5K
Total franchises/ co.-owned: 35/5

Jazzercise
Group fitness classes, conventions, apparel and accessories
Startup cost: $3.5K-$75.8K
Total franchises/ co.-owned: 8,697/2

Koko FitClub
Fitness studio
Startup cost: $203.4K-$396.3K
Total franchises/ co.-owned: 106/3

Legacy Fit
24-hour fitness center
Startup cost: $207.7K-$381.5K
Total franchises/ co.-owned: 0/1

Live 2 B Healthy Senior Fitness
Exercise programs for seniors
Startup cost: $37.7K-$48.1K
Total franchises/ co.-owned: 36/0

Miami Yoga
Yoga studio
Startup cost: $99.1K-$199K
Total franchises/ co.-owned: 0/2

My House Fitness Franchise
Personal and group training, boot camps, nutrition
Startup cost: $96.8K-$179.9K
Total franchises/ co.-owned: 3/1

9Round
Kickboxing fitness programs
Startup cost: $57.5K-$93K
Total franchises/ co.-owned: 240/3

Orangetheory Fitness
Group personal training
Startup cost: $327.6K-$634.1K
Total franchises/ co.-owned: 220/9

Planet Fitness
Fitness club
Startup cost: $728.3K-$3.8M
Total franchises/ co.-owned: 956/58

Pro Martial Arts Franchise
Martial-arts instruction, fitness
Startup cost: $142.8K-$199.6K
Total franchises/ co.-owned: 60/1

Pure Barre
Fitness classes and apparel
Startup cost: $152K-$275K
Total franchises/ co.-owned: 307/14

Retro Fitness
Health club
Startup cost: $781.4K-$1.6M
Total franchises/ co.-owned: 140/0

Rock Climbing Franchising
Indoor rock-climbing gym
Startup cost: $867.1K-$1.7M
Total franchises/ co.-owned: 1/2

Snap Fitness
24-hour fitness center
Startup cost: $109.5K-$285.6K
Total franchises/ co.-owned: 1,316/125

Tiger-Rock Martial Arts
Martial arts and fitness programs
Startup cost: $87.4K-$184.3K
Total franchises/ co.-owned: 161/0

Title Boxing Club
Boxing and kickboxing fitness classes, personal training, apparel
Startup cost: $156.4K-$378K
Total franchises/ co.-owned: 135/2

Total Woman Gym + Spa
Fitness and spa services for women
Startup cost: $860.5K-$1.5M
Total franchises/ co.-owned: 1/14

Trumi
Fitness and nutrition coaching
Startup cost: $6.4K-$20.1K
Total franchises/ co.-owned: 19/0

UFC Gym
Fitness, boxing, kickboxing and MMA classes
Startup cost: $390.3K-$891K
Total franchises/ co.-owned: 105/18

Welcyon, Fitness After 50
Fitness center for ages 50-plus
Startup cost: $259.1K-$363K
Total franchises/ co.-owned: 5/2

Xist Fitness
Fitness center
Startup cost: $689.1K-$1.9M
Total franchises/ co.-owned: 0/2

Xtend Barre
Fitness studio
Startup cost: $162.8K-$516.9K
Total franchises/ co.-owned: 51/2

TARA MOORE/GETTY IMAGES

MEN'S GROOMING

While hair care, nail care and spa services have traditionally catered to women, more grooming businesses are refocusing their attention on the other half of the population. A number of franchises determined to make personal pampering into a more masculine pursuit have launched in recent years.

The Boardroom Salon for Men
Men's grooming services and products
Startup cost: $279.7K-$429.4K
Total franchises/ co.-owned: 9/11

Grooming Lounge Franchise
Upscale men's barbershop/spa
Startup cost: $389.96K-$706.5K
Total franchises/ co.-owned: 0/2

Hammer & Nails
Men's nail salon
Startup cost: $92.7K-$187.8K
Total franchises/ co.-owned: 0/1

continued >

Men's Grooming *(continued)*

Roosters Men's Grooming Centers
Men's grooming services and products
Startup cost: \$181.3K-\$255.4K
Total franchises/ co.-owned: 77/0

Sport Clips
Men's sports-theme hair salon
Startup cost: \$168.3K-\$326.5K
Total franchises/ co.-owned: 1,373/33

V's Barbershop Franchise
Upscale men's barbershop
Startup cost: \$194.5K-\$352.9K
Total franchises/ co.-owned: 25/2

OUTDOOR PEST CONTROL

The pest-control industry had all but disappeared from the franchise scene, but now we're seeing a renaissance. The newer companies are geared toward staving off outdoor menaces like mosquitos and ticks, instead of household enemies like termites and ants.

There are approximately **2,700 mosquito species** worldwide, 176 of which are found in the U.S.

Green Home Solutions
Environmentally friendly mold cleaning, pest control and odor elimination
Startup cost: \$24.8K-\$71.3K
Total franchises/ co.-owned: 155/1

Mosquito Joe
Outdoor pest control
Startup cost: \$62.9K-\$125.8K
Total franchises/ co.-owned: 113/1

Mosquito Shield
Outdoor pest control
Startup cost: \$73.1K-\$106.8K
Total franchises/ co.-owned: 31/2

Mosquito Squad
Outdoor pest control
Startup cost: \$15.9K-\$69.6K
Total franchises/ co.-owned: 176/0

Superior Mosquito Defense
Outdoor pest control
Startup cost: \$16.3K-\$27.7K
Total franchises/ co.-owned: 6/1

JAVIER LARREA/GETTY IMAGES

H. ARMSTRONG ROBERTS/CLASSICSTOCK/GETTY IMAGES

PETS

With spending on pets continuing to trend upward, it's no surprise that Fido and Fluffy are among the franchise world's favorite customers. Pet-care businesses offer everything from in-home options to luxury hotels.

Aussie Pet Mobile
Mobile pet grooming
Startup cost: $135K-$175K
Total franchises/ co.-owned: 207/0

Barkefellers, The Place for Dogs
Upscale pet hotel
Startup cost: $938K-$4.5M
Total franchises/ co.-owned: 0/3

Camp Bow Wow
Dog daycare, boarding, training, grooming; in-home pet care
Startup cost: $356.6K-$1M
Total franchises/ co.-owned: 166/4

Camp Run-A-Mutt
Dog daycare and boarding
Startup cost: $173.4K-$422.2K
Total franchises/ co.-owned: 7/1

Central Bark Doggy Day Care
Dog daycare
Startup cost: $255.1K-$389K
Total franchises/ co.-owned: 24/1

D.O.G.
Dog daycare, boarding, grooming and training
Startup cost: $429K-$548.5K
Total franchises/ co.-owned: 0/2

The Dog Stop
Dog daycare, boarding, walking, grooming, training, products
Startup cost: $127.8K-$285.3K
Total franchises/ co.-owned: 5/3

Dogtopia
Dog daycare, boarding, training, spa services
Startup cost: $318.4K-$496.8K
Total franchises/ co.-owned: 26/5

The Dog Wizard
Dog training
Startup cost: $32K-$39.3K
Total franchises/ co.-owned: 18/0

Fetch! Pet Care
Pet-sitting, dog-walking
Startup cost: $30.9K-$44.5K
Total franchises/ co.-owned: 106/5

In Home Pet Services
Pet-sitting, dog-walking
Startup cost: $9.2K-$35.1K
Total franchises/ co.-owned: 12/1

continued >

One in five respondents to a National Retail Federation survey planned to buy a **Valentine's Day gift** for their pet.

Pets *(continued)*

K-9 Resorts
Luxury dog daycare and boarding
Startup cost: $839.6K-$1.2M
Total franchises/ co.-owned: 4/1

NPM Franchising
Pet food and supplies, grooming and self-wash services
Startup cost: $209K-$474K
Total franchises/ co.-owned: 36/0

Pet Assist
Dog-walking, pet-sitting, pet transportation and waste removal
Startup cost: $19.1K-$41.95K
Total franchises/ co.-owned: 0/1

Petland
Pets, pet supplies, pet-related items
Startup cost: $273.5K-$1M
Total franchises/ co.-owned: 128/8

The American Pet Products Association estimates that U.S. **pet owners will spend $60.59 billion** on their furry (and feathery and scaly) friends in 2015. About 8.6 percent of that will go to services such as boarding and grooming.

Pets Are Inn
Pet care in private homes
Startup cost: $59.95K-$85.2K
Total franchises/ co.-owned: 15/0

Pet Sit Pros
Pet-sitting, dog-walking
Startup cost: $19.7K-$66.4K
Total franchises/ co.-owned: 4/3

Pet Supplies Plus
Retail pet supplies and services
Startup cost: $549.4K-$1.1M
Total franchises/ co.-owned: 147/174

Preppy Pet
Pet daycare, boarding, grooming
Startup cost: $129.6K-$259K
Total franchises/ co.-owned: 12/1

Sit Means Sit Dog Training
Dog training
Startup cost: $45K-$123.9K
Total franchises/ co.-owned: 87/1

Snaggle Foot Dog Walks & Pet Care
Pet-sitting, dog-walking
Startup cost: $12.2K-$21.8K
Total franchises/ co.-owned: 26/5

Splash and Dash for Dogs
Pet products and grooming
Startup cost: $55K-$135.6K
Total franchises/ co.-owned: 6/0

Sydnee's Pet Grooming
Pet grooming
Startup cost: $115.6K-$241.4K
Total franchises/ co.-owned: 4/3

Wag N' Wash Natural Food & Bakery
Pet food and supplies, grooming services
Startup cost: $383.5K-$522.6K
Total franchises/ co.-owned: 4/5

Wild Birds Unlimited
Bird-feeding supplies and nature gift items
Startup cost: $123.3K-$192.1K
Total franchises/ co.-owned: 288/0

Zoom Room
Dog training, canine event center, pet products
Startup cost: $132.8K-$308.7K
Total franchises/ co.-owned: 14/4

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PROPERTY MANAGEMENT

Although it's a relatively new franchise sector, property management is proving itself with impressive growth among its most established companies, as well as an ever-expanding crop of competitors.

All County Property Management Franchise
Property management
Startup cost: $49.7K-$88.4K
Total franchises/ co.-owned: 41/1

Book by Owner Resort Property Management
Resort property management
Startup cost: $47.8K-$82.5K
Total franchises/ co.-owned: 9/1

Keyrenter Property Management Franchise
Residential property management
Startup cost: $36K-$79K
Total franchises/ co.-owned: 7/4

Some 36 percent of households in the U.S. are **occupied by renters.**

Property Management Inc.
Commercial and residential property management
Startup cost: $20.3K-$61K
Total franchises/ co.-owned: 97/2

Real Property Management
Property management
Startup cost: $56.6K-$99.95K
Total franchises/ co.-owned: 272/0

Renters Warehouse USA
Property management
Startup cost: $43.5K-$106.8K
Total franchises/ co.-owned: 28/1

Wallace Property Management Group
Property management
Startup cost: $51.4K-$71.3K
Total franchises/ co.-owned: 0/1

RESALE/ CONSIGNMENT

Bargain shoppers abound, if the growth of resale and consignment-store franchises is any indication. Clothing resale is particularly popular, but you'll also find franchises selling new and used books, musical instruments, furniture, sporting goods—even smartphones.

Children's Orchard
New and used children's clothing, equipment, accessories
Startup cost: $163K-$258K
Total franchises/ co.-owned: 32/1

Clothes Mentor
Women's clothing and accessories resale store
Startup cost: $161.5K-$259K
Total franchises/ co.-owned: 129/1

Device Pitstop
Electronics resales and repairs
Startup cost: $178K-$243K
Total franchises/ co.-owned: 10/1

Experimac
Electronics resales and repairs
Startup cost: $136.8K-$275.1K
Total franchises/ co.-owned: 2/1

Fabulous Frocks
Bridal consignment store
Startup cost: $49.7K-$144.5K
Total franchises/ co.-owned: 4/2

iSold It
Online consignment and overstock sales
Startup cost: $46K-$223.5K
Total franchises/ co.-owned: 10/0

Just Between Friends Franchise Systems
Children's and maternity consignment events
Startup cost: $26.97K-$39.2K
Total franchises/ co.-owned: 148/2

Kid to Kid
New and used children's and maternity clothing and products
Startup cost: $248.98K-$373.5K
Total franchises/ co.-owned: 109/1

Music Go Round
New/used musical instruments and sound equipment
Startup cost: $259.4K-$332.6K
Total franchises/ co.-owned: 33/0

New Uses
Home-furnishing and accessories resale store
Startup cost: $187.5K-$286.5K
Total franchises/ co.-owned: 10/1

NTY Clothing Exchange
Teen-clothing and accessories resale store
Startup cost: $163K-$258K
Total franchises/ co.-owned: 0/1

Once Upon A Child
New and used children's clothing, equipment, furniture, toys
Startup cost: $244.8K-$376.6K
Total franchises/ co.-owned: 316/0

SALON SUITES

By giving salon professionals the opportunity to be in business for themselves, salon-suite rentals have emerged as a growing trend in the personal-care sector. While a few franchises dominate the field, there are plenty of competitors ready to step in.

SPACES IMAGES (CHAIRS); G. MERRILL (CLOTHES)/GETTY IMAGES

There are **more than 25,000** resale, consignment and thrift stores in the U.S., according to NARTS: The Association of Resale Professionals.

Plato's Closet
Teen- and young-adult-clothing resale store
Startup cost: $230.95K-$398.2K
Total franchises/ co.-owned: 439/0

Play It Again Sports
New and used sporting goods/ equipment
Startup cost: $242.2K-$392.5K
Total franchises/ co.-owned: 296/0

Style Encore
Women's clothing and accessories resale store
Startup cost: $254.3K-$389.1K
Total franchises/ co.-owned: 32/0

Uptown Cheapskate
Young-adult-clothing resale store
Startup cost: $262K-$384.5K
Total franchises/ co.-owned: 43/2

Walls of Books
Used bookstore
Startup cost: $85.4K-$192.9K
Total franchises/ co.-owned: 3/6

According to the Bureau of Labor Statistics, nearly half of all barbers, hairdressers and cosmetologists are **self-employed.**

A Suite Salon
Salon suites
Startup cost: $364.4K-$1.1M
Total franchises/ co.-owned: 3/6

Image Studios 360
Salon suites
Startup cost: $276.7K-$877K
Total franchises/ co.-owned: 0/5

continued >

Salon Suites *(continued)*

iStudio Salons
Salon suites
Startup cost: $531.3K-$1.1M
Total franchises/ co.-owned: 0/9

My Salon Suite
Salon suites
Startup cost: $503.5K-$869.5K
Total franchises/ co.-owned: 17/4

Phenix Salon Suites Franchising
Salon suites
Startup cost: $282.6K-$937.5K
Total franchises/ co.-owned: 114/6

Salons by JC
Salon suites
Startup cost: $464.6K-$903.6K
Total franchises/ co.-owned: 35/9

Sola Salon Studios
Salon suites
Startup cost: $413.8K-$1.1M
Total franchises/ co.-owned: 231/12

BILL NOL/GETTY IMAGES

SMOOTHIES

Going green may be the key to the smoothie bar's resurging popularity. Franchisors are finding success in featuring spinach, kale and other vitamin-rich veggies over the sugary fruit-based smoothies that once dominated menus.

Bowl of Heaven
Acai bowls, smoothies, juice
Startup cost: $161.5K-$438.5K
Total franchises/ co.-owned: 6/3

Fresh Healthy Cafe
Smoothies, juices, wraps, sandwiches, salads
Startup cost: $171K-$343.5K
Total franchises/ co.-owned: 37/0

Juice It Up!
Raw juices, smoothies, fruit bowls, healthful snacks
Startup cost: $152.1K-$377.8K
Total franchises/ co.-owned: 82/0

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The U.S. juice- and smoothie-bar industry sees **$2 billion in annual revenue,** according to IBISWorld.

Maui Wowi Hawaiian Coffees & Smoothies
Hawaiian coffee and smoothies
Startup cost: $75.4K-$469K
Total franchises/ co.-owned: 190/0

MixStirs
Smoothies, protein shakes, wraps, salads
Startup cost: $59.1K-$197.5K
Total franchises/ co.-owned: 10/0

Nrgize Lifestyle Cafe
Smoothies, meal-replacement shakes, protein bars
Startup cost: $98K-$341.1K
Total franchises/ co.-owned: 101/0

Red Mango - Yogurt Cafe & Juice Bar
Frozen yogurt, smoothies, juices, wraps
Startup cost: $193.2K-$501.3K
Total franchises/ co.-owned: 228/1

Robeks Fresh Juices & Smoothies
Smoothies, juices, healthful snacks
Startup cost: $228.5K-$339.5K
Total franchises/ co.-owned: 99/0

Smoothie Factory
Smoothies, juices, nutritional supplements
Startup cost: $143.6K-$413.3K
Total franchises/ co.-owned: 37/0

Smoothie King
Smoothies, health products
Startup cost: $181.1K-$422.9K
Total franchises/ co.-owned: 702/22

Surf City Squeeze
Smoothies, fruit drinks, nutritional supplements
Startup cost: $77.6K-$286.8K
Total franchises/ co.-owned: 109/1

Tropical Smoothie Cafe
Smoothies, wraps, salads, sandwiches, flatbreads
Startup cost: $195.6K-$427.1K
Total franchises/ co.-owned: 434/1

"Let thy **food be thy medicine** and medicine be thy food."
—*Hippocrates*

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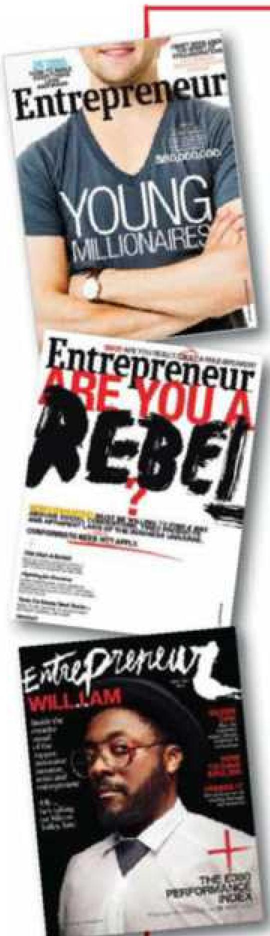

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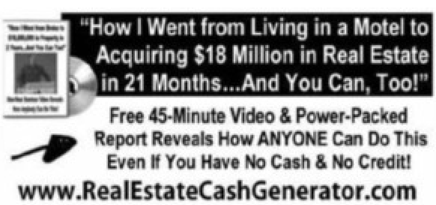

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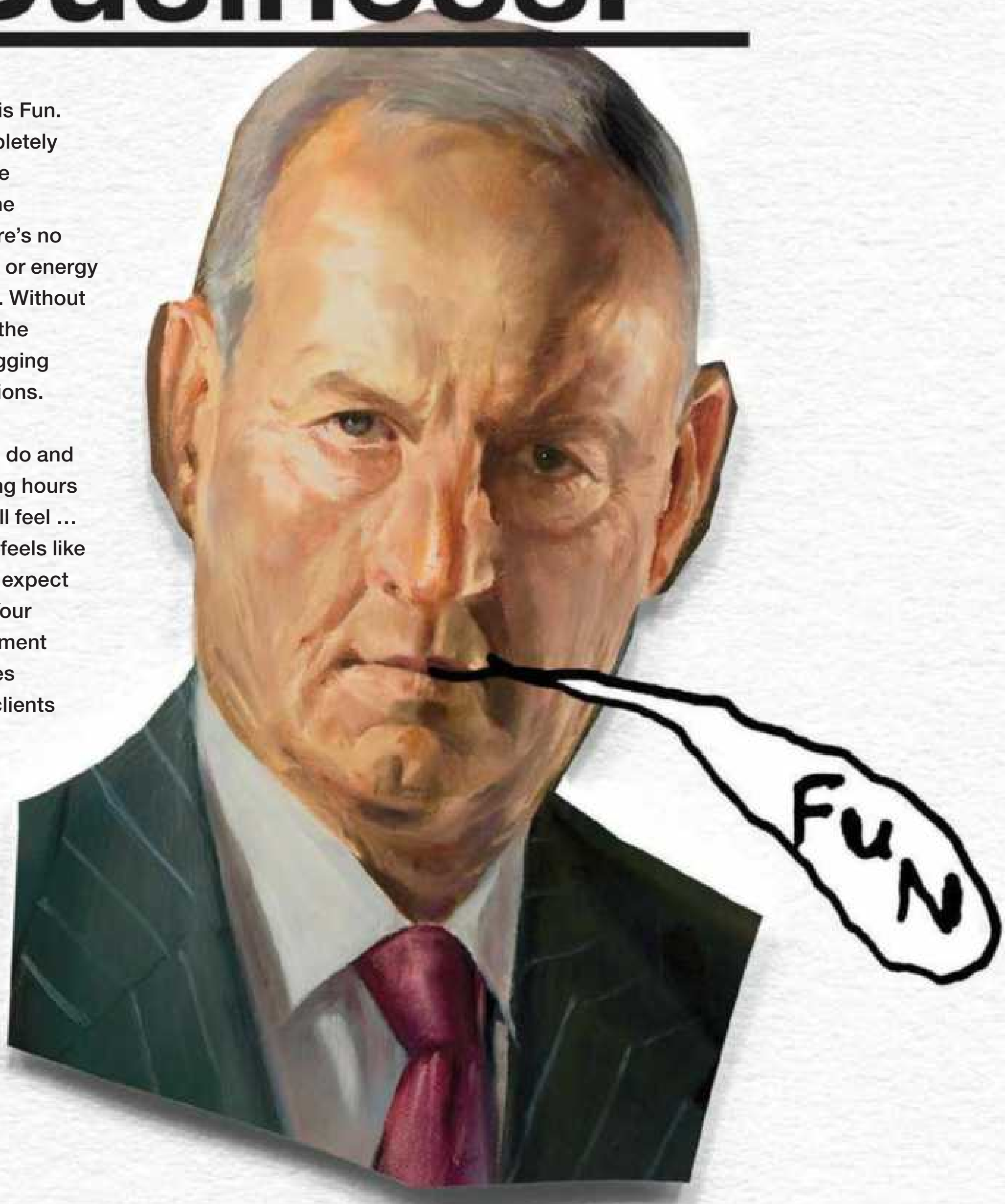
By James Victore

The First Rule of Business:

The first rule of business is Fun. This may sound like completely reckless and irresponsible business advice, but to the contrary, without Fun there's no commitment, enthusiasm or energy for the hard work at hand. Without Fun you're merely one of the "Working Dead," just dragging your ass through the motions.

If you don't love what you do and enjoy the process, the long hours necessary for success will feel … well … like work. And if it feels like work to you, what do you expect your customers to feel? Your excitement breeds excitement in others — and this makes for passionate and loyal clients and customers. Face it, Fun is good business.



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James Victore is an artist whose work has been exhibited at New York's Museum of Modern Art, a designer for bold believers and an advocate for creativity. In addition to sporting a snappy mustache, he is a recognized voice in the entrepreneurial space.

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